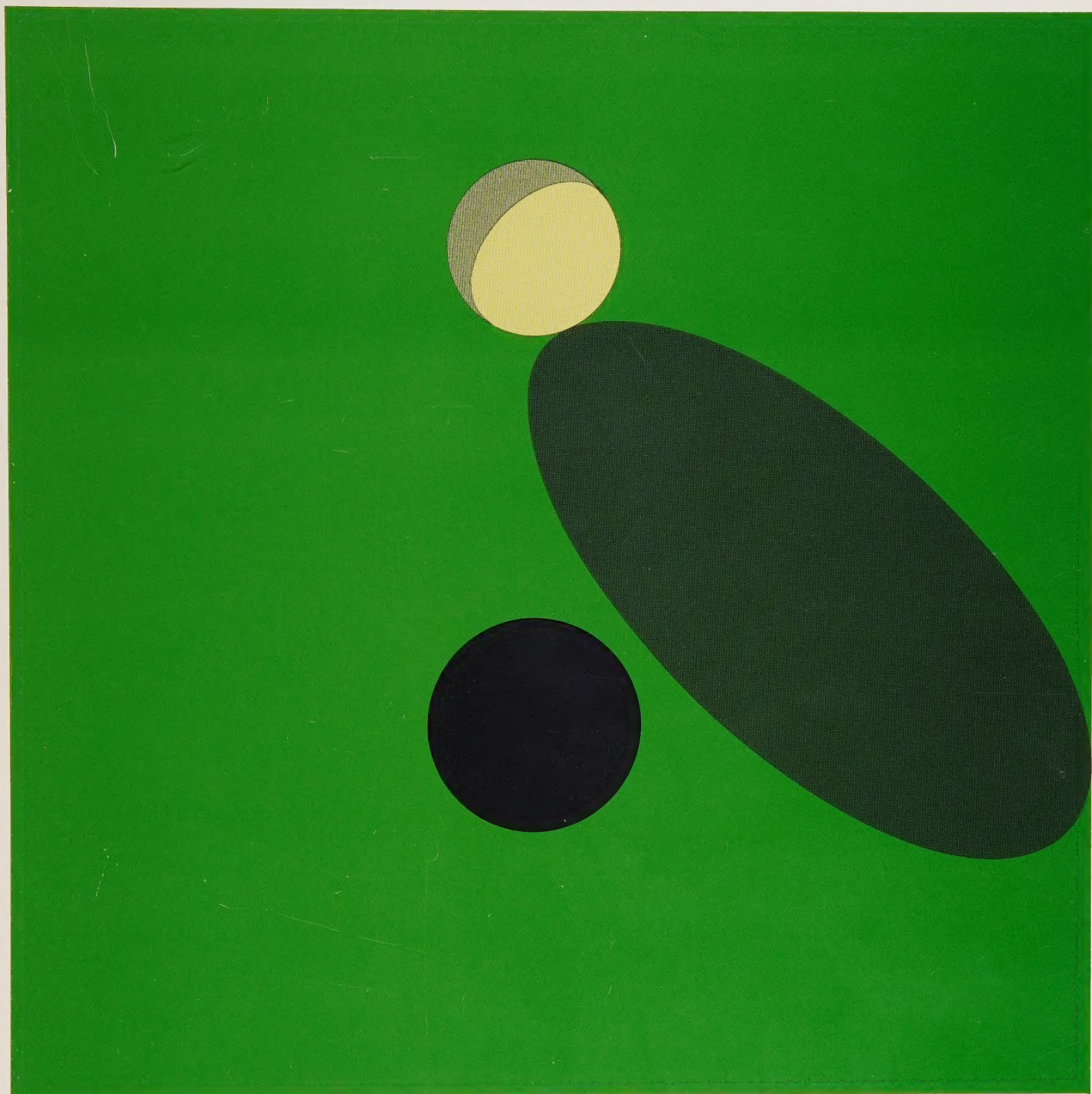


City Of Palo Alto
Golf Course Corporation
\$1,800,000
Lease Revenue Bonds,
Series 1978



Sale: March 13, 1978
Bartle Wells Associates

7801320

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

SEP 09 2024

UNIVERSITY OF CALIFORNIA

NEW ISSUE:**March 13, 1978****City of Palo Alto Golf Course Corporation****\$1,800,000 Lease Revenue Bonds, Series 1978**

The bonds are general obligations of the City of Palo Alto Golf Course Corporation, but not of the City of Palo Alto or of any other political subdivision of the state. The primary source for payment of bonds will be rent payable by the city for use of the golf course financed through issuance of bonds by this California nonprofit corporation. The corporation has no taxing power.

BONDS DATED: March 1, 1978**DENOMINATION:** \$5,000**DUE:** March 1, as shown below:**RATINGS:**

Moody's _____

Standard & Poor's _____

Year	Amount	Rate	Yield or Price	Year	Amount	Rate	Yield or Price
1980.....	\$25,000	%	%	1992.....	\$ 75,000	%	%
1981.....	25,000			1993.....	75,000		
1982.....	25,000			1994.....	75,000		
1983.....	25,000			1995.....	75,000		
1984.....	50,000			1996.....	100,000		
1985.....	50,000			1997.....	100,000		
1986.....	50,000			1998.....	100,000		
1987.....	50,000			1999.....	100,000		
1988.....	50,000			2000.....	125,000		
1989.....	75,000			2001.....	125,000		
1990.....	75,000			2002.....	125,000		
1991.....	75,000			2003.....	150,000		

The bonds are coupon bonds, registrable as to principal only, or fully registered bonds, with provisions for deregistration and reregistration. Principal is payable annually beginning March 1, 1980, and interest is payable semiannually beginning September 1, 1978, at the main office of the fiscal agent, Bank of America NT & SA, in San Francisco, California, and at the offices of the corporation's paying agent in New York.

Bonds maturing on or before March 1, 1988 (bonds numbered 1-70) are not callable prior to maturity. Bonds maturing on or after March 1, 1989 (bonds numbered 71-360) are callable pursuant to the terms stated in the resolution, including payment of a premium. In the event of casualty or proceedings in eminent domain, as described in the resolution, bonds of any maturity date are subject to call or redemption without payment of a premium.

The bonds are offered for delivery when, as, and if issued, subject to the legal opinion of Wilson, Jones, Morton & Lynch, bond counsel, San Mateo, California, approving the validity of the bonds and stating that interest on the bonds is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Terms and conditions of the offering are fully set forth in the Official Notice of Sale, dated February 14, 1978. Bids will be received on Monday, March 13, 1978 at Bartle Wells Associates, 100 Bush Street, 28th Floor, San Francisco, California, up to 11:00 a.m., Pacific Standard Time. Bids will not be accepted for less than 98.5 percent of par. Following acceptance of a bid, information on the bond coupons, reoffering prices, and bond ratings will be imprinted in the spaces provided on this page.

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

MAR 1 1978

UNIVERSITY OF CALIFORNIA

This page supplements the accompanying Official Statement dated February 14, 1978.

CONTENTS

	Page
VICINITY MAP.....	4
BASIC DOCUMENTS	5
INTRODUCTION	6
THE CORPORATION.....	7
THE BONDS.....	8
Sale of the Bonds.....	9
Legal Opinion	9
Closing Documents	9
THE RESOLUTION	10
Creation of Funds	10
Application of Revenues.....	10
Insurance	11
Eminent Domain	11
Other Covenants	12
Additional Bonds.....	12
Amendment	12
Remedies	12
THE LEASE.....	13
Ground Lease	13
Leaseback	13
THE PROJECT	15
Golf Course Rounds and Revenues.....	15
CITY FINANCES & ORGANIZATION.....	17
Financial Organization and Planning.....	17
Funds	18
Revenues and Expenditures.....	18
Assessed Valuation	21
Tax Rates and Limitations.....	21
Property Tax Limitation Initiative.....	23
Tax Levies and Delinquencies.....	23
Bonded Debt	23
Pension Obligation	25
Labor Relations.....	25
City Insurance Coverage.....	25
CITY OF PALO ALTO.....	27
Location	27
Population	27
Housing and Building Activity.....	28
Income	28
Employment and Economy.....	29
Industrial Parks.....	30
Retail Trade.....	31
Stanford University	31
Transportation	31
Utilities	32
Medical Facilities.....	32
Education	32
Recreation	32

CITY OF PALO ALTO GOLF COURSE CORPORATION

250 Hamilton Avenue
Palo Alto, California 94301

DIRECTORS

Robert O. Davis, *President*
Henrietta Ferry
George Hartley
Jane Haugse
Donna Josse

CITY COUNCIL

Byron D. Sher, *Mayor*
Frances H. Brenner
Scott T. Carey
Roy L. Clay
Fred S. Eyerly
Gary P. Fazzino
Ellen Fletcher
Alan Henderson
Anne R. Witherspoon

George A. Sipel, *City Manager*
Alfred L. Mitchell, *City Controller*
Robert K. Booth, Jr., *City Attorney*
Ann J. Tanner, *City Clerk*

PROFESSIONAL SERVICES

Wilson, Jones, Morton & Lynch, San Mateo, *Bond Counsel*
Robert Trent Jones II of California, Palo Alto, *Designer*
John Brooks Boyd Associates, Palo Alto, *Architect*
Bartle Wells Associates, San Francisco, *Financing Consultant*

This Official Statement provides information about the issuer and its bonds. The Official Statement includes:

1. Data supplied by the issuer and by others, as indicated herein;
2. estimates or projections which may or may not be realized and which should not be construed as assertions of fact; and
3. summaries and descriptions of legal and financial documents, or their contents, which do not purport to describe such documents completely and which are made expressly subject to the full provisions of the documents cited.

The Official Statement does not constitute a recommendation, express or implied, to purchase or not to purchase these bonds or any other previous bonds of the issuer.

The date of the Official Statement is February 14, 1978.

Prepared on behalf of the issuer by
BARTLE WELLS ASSOCIATES
Municipal Financing Consultants
100 Bush Street, San Francisco 94104
(415) 981-5751



The City of Palo Alto is located in northern Santa Clara County, about 30 miles south of San Francisco and 15 miles northwest of San Jose.

Map courtesy of National Automobile Club.

Below: The downtown business district and Palo Alto Civic Center.
Dale E. Boyer photo.



BASIC DOCUMENTS

The following basic documents relate to the City of Palo Alto Golf Course Corporation and Series 1978 bonds:

LEASE: The existing golf course is leased by the city to the corporation. The corporation's use of the property is limited to construction of the project and leaseback of the improved facility. Title to the golf course vests in the city throughout the term of the lease. The city has received competitive bids and will execute construction contracts for specified improvements and complete the project with the cost thereof paid by the corporation from bond proceeds. Rental of \$200,000 is prepaid by the corporation from bond proceeds.

The leaseback leases the site and improvements back from the corporation to the city. Base rent will be sufficient to pay all bond service when due. Additional rental covers all administrative costs and fees. City also pays for maintenance, utilities, taxes, assessments, and required insurance premiums. Lease covers the status of the property in the event of damage, condemnation, or default, and stipulates insurance requirements.

Term of the lease begins with delivery of the Series 1978 bonds and ends ten days after bonds are fully paid, but may not extend beyond March 1, 2008.

RESOLUTION: The corporation establishes a trust for the benefit of the bondholders. The resolution is dated February 14, 1978, and sets forth the

form of the bonds, the rights and duties of the fiscal agent, and the covenants of the corporation. Bond provisions cover the maturity schedule, registration, delivery, and redemption of Series 1978 bonds, and the issuance of additional bonds. Other details of the resolution relate to the use of bond proceeds, application of revenues, flow and investment of funds, other covenants of the corporation, and the remedies available to bondholders and fiscal agent.

OFFICIAL NOTICE OF SALE: Notice adopted by resolution of the corporation on February 14, 1978, sets forth the maturity schedule and terms of sale and delivery of the Series 1978 bonds. Bond terms and limitations on interest rates, rate differences, and numbers of coupons are summarized.

LEGAL OPINION: The bonds are offered subject to the unqualified approving opinion of Wilson, Jones, Morton & Lynch, bond counsel, San Mateo, California, as to the validity of the bonds. See "Legal Opinion" in Bond section.

The above summaries are offered subject to provisions of the complete documents. Copies of the documents are available from Bartle Wells Associates upon request prior to delivery of the bonds.

INTRODUCTION

ISSUER: The City of Palo Alto Golf Course Corporation is a California nonprofit corporation formed to finance improvements for lease to the City of Palo Alto. Palo Alto is a political subdivision of the State of California, deriving its powers from the constitution and laws of the state.

PURPOSE: The bonds are being issued to finance construction and other costs of improvements to the Palo Alto Municipal Golf Course. The improvements consist of modifications to the course and construction of a new clubhouse. Construction will start in March 1978, and be completed by the end of the year. The course will remain open and the existing clubhouse will remain in use throughout the construction period. The city will continue to operate the golf course throughout the term of the lease.

SECURITY: The bonds are secured by a pledge of gross revenues of the corporation. Corporation income is derived primarily from semiannual rent payments made pursuant to the lease. Bond proceeds will fund the first year of interest and a reserve fund equal to maximum annual debt service, to ensure timely payments of interest and principal.

Rent payments will be set to pay bond service and other expenses of the corporation. The city covenants to include the rent in its annual budget. The city may pay rent from any unrestricted revenue source, including ad valorem property taxes within its charter and any other applicable tax rate limits. The city intends to apply golf course net revenues to the payment of bond service to reduce the use of tax revenues.

LIMITATIONS: The Palo Alto City Charter establishes a maximum tax rate of \$1.25/\$100 of assessed valuation. Taxes levied for general obligation bond service and city contributions to employee retirement are not subject to this limit. The so-called "Jarvis Initiative" would impose further restrictions on ad valorem real property taxation.

In 1977/78, the city's tax rate is \$.75/\$100 of assessed valuation. If the entire rental expense for the golf course were to be paid from property taxes, the tax rate, based on 1977/78 assessed valuation, would increase by three cents.

ECONOMIC FACTORS: Palo Alto is a charter city, located about 30 miles south of San Francisco in Santa Clara County, California. The city has a 1977/78 assessed valuation of \$558,715,450. The city's 1977/78 budget totals \$33.9 million. Its major revenue sources are property taxes, sales taxes, and net revenue from city-operated utilities. The city operates water, sewer, gas, electric, and refuse utilities. In 1976/77, utility revenues

totalled \$23.7 million. After payment of purchase costs, operating expenses, bond service, and reserves, net utility revenue of \$5.3 million was transferred to the General Fund.

Palo Alto is closely identified with Stanford University, whose campus is outside the city limits. The university contributes to the city's economy both as a large employer and as a force in attracting specialized and technical industries to the city and surrounding area. The university's land holdings within Palo Alto city limits include the sites of Stanford Industrial Park and Stanford Shopping Center. The 65 tenants of the industrial park employ about 22,000 people. The shopping center has an annual sales volume of about \$80 million.

Palo Alto's January 1977 population, estimated by the California Department of Finance, was 54,900. The city's population has remained essentially stable since the 1960 U.S. Census, which recorded a population of 52,287. The 1977 figure is 1.7 percent below the 1970 Census. Income in the city is higher than average. According to *SALES AND MARKETING MANAGEMENT* magazine, Palo Alto's median household effective buying income in 1976 was \$19,745, which exceeded the averages for Santa Clara County by 7 percent, the State of California by 38 percent, and the United States by 43 percent. Housing prices are also high. The median home value in 1975 was \$56,000, while an estimate for the county median home value was \$42,600.

SPECIAL RISK FACTORS: Efforts to limit property taxes are underway in the California legislature, and through the initiative process. An initiative constitutional amendment commonly known as the "Jarvis Initiative," providing for, among other things, certain property tax limitations, will appear on the statewide ballot in June 1978. The initiative would limit ad valorem taxes to 1 percent of value, except to pay indebtedness previously authorized by the voters. It establishes 1975/76 assessed valuation as the base year value of property for tax purposes, and limits annual increases in value, except upon sale, transfer, or construction.

If the measure is adopted, ad valorem real property tax revenues of the City of Palo Alto would be sharply reduced. However, the city believes that its ability to make the rental payments would not be seriously impaired.

It is impossible to predict at this time the final form of any property tax restriction, or to assess its impact on the City of Palo Alto or the City of Palo Alto Golf Course Corporation.

This introduction is not a summary of the Official Statement. Information presented in this section is treated more completely elsewhere in this Official Statement, which should be read in its entirety.

Palo Alto's city hall, completed in 1970, houses most city departments. *Dale E Boyer photo.*



THE CORPORATION

The City of Palo Alto Golf Course Corporation was organized under the General Nonprofit Corporation Law of the State of California. Articles of Incorporation were filed with the California Secretary of State on September 8, 1977. The corporation was formed to:

- Render financial assistance to the City of Palo Alto by financing, acquiring, constructing, and improving a public municipal golf course and recreation facility in the city.
- Acquire real estate in the city; to construct improvements to be used for public golf course and recreation purposes; and to make such properties available to the city.
- Promote the common good and general welfare of the city by providing golf course facilities.
- Borrow necessary funds to pay costs of financing, acquiring, constructing, improving, maintaining, and operating such properties and facilities, and to issue evidences of indebtedness.
- Conduct its business and affairs so that all right, title, and interest in the facilities shall vest in the city when all corporation indebtedness shall have been fully paid.
- Conduct its business so that no profit will inure or no distribution of assets will be made to any member of the corporation.

The corporation is prohibited from engaging in any business or activities other than those incidental to its primary purposes. The corporation was formed specifically for these purposes. It has no operating or financial history.

All directors of the corporation are residents of the City of Palo Alto:

ROBERT O. DAVIS, *President*—retired civil engineer, member of Palo Alto Senior Men's Golf Club; member of original citizens' advisory committee for golf course improvements.

HENRIETTA FERRY—Homemaker and resident of Palo Alto for 23 years; member of Palo Alto Women's Golf Club.

GEORGE HARTLEY—Retired special agent, Federal Bureau of Investigation; 1977 president, Palo Alto Golf Club; President, San Francisco Lighthouse for the Blind.

JANE HAUGSE—Resident of Palo Alto for 33 years, employed in real estate investments; member of Palo Alto Women's Golf Club.

DONNA JOSSE—Housewife; former member of golf course advisory committee; member of women's 9-hole and 18-hole golf clubs.

The Palo Alto city treasurer is treasurer of the corporation.

THE BONDS

\$1,800,000 City of Palo Alto Golf Course Corporation
Lease Revenue Bonds, Series 1978.

Denomination: \$5,000

Date: March 1, 1978

Estimated Annual Bond Service:

8

Fiscal Year	Interest at 6¼%*	Principal Maturing March 1	Total Bond Service
1978/79.....	\$ 112,500	\$ —	\$ 112,500
1979/80.....	112,500	25,000	137,500
1980/81.....	110,900	25,000	135,900
1981/82.....	109,375	25,000	134,375
1982/83.....	107,800	25,000	132,800
1983/84.....	106,250	50,000	156,250
1984/85.....	103,125	50,000	153,125
1985/86.....	100,000	50,000	150,000
1986/87.....	96,875	50,000	146,875
1987/88.....	93,750	50,000	143,750
1988/89.....	90,625	75,000	165,625
1989/90.....	85,900	75,000	160,900
1990/91.....	81,250	75,000	156,250
1991/92.....	76,600	75,000	151,600
1992/93.....	71,875	75,000	146,875
1993/94.....	67,200	75,000	142,200
1994/95.....	62,500	75,000	137,500
1995/96.....	57,800	100,000	157,800
1996/97.....	51,600	100,000	151,600
1997/98.....	45,300	100,000	145,300
1998/99.....	39,100	100,000	139,100
1999/00.....	32,800	125,000	157,800
2000/01.....	25,000	125,000	150,000
2001/02.....	17,200	125,000	142,200
2002/03.....	9,375	150,000	159,375
	<u>\$1,867,200</u>	<u>\$1,800,000</u>	<u>\$3,667,200</u>

* Bond interest has been estimated at the annual rate shown. Actual coupon rates will be set by competitive bid, and are likely to vary from the annual rate estimated. As a result, both interest and bond service are expected to differ from the annual amounts estimated.

Interest: Coupons payable semi-annually on September 1 and March 1, beginning September 1, 1978. Interest

from March 1, 1978, to February 28, 1979, is payable from bond proceeds.

Redemption: Bond maturity 1980-88 (\$350,000 principal amount) not callable. Bonds maturing 1989-2003 (\$1,450,000 principal amount) callable as a whole or in part on any interest payment date on or after March 1, 1988, in inverse order of maturity and by lot within each maturity. Premium is one-quarter of one percent for each year or portion of a year from date of redemption to date of maturity, with a maximum of 3 percent.

The resolution provides that, in the event of loss of, damage to, or condemnation of the project, the bonds then outstanding may be redeemed on any interest payment date for the principal amount plus accrued interest to the date of redemption without premium. If less than all the bonds are called, the fiscal agent shall determine a principal amount from each maturity to be called by lot so that approximately equal annual debt service shall prevail. The corporation is unable to assure that the compensation for such loss, damage or condemnation will be sufficient to redeem all of the then outstanding obligations of the corporation.

Registration: Coupon bonds, registrable as to principal only, or fully registered bonds in the denomination of \$5,000 or any multiple thereof. The form of the bonds may be changed, or the bonds discharged from registration in accordance with the provisions of the resolution.

Fiscal Agent: Bank of America, NT & SA, is appointed fiscal agent by the bond resolution of the corporation. The fiscal agent will act as paying agent and depository for the corporation. The fiscal agent will receive, allocate, and disburse bond proceeds and revenues of the corporation; hold and invest funds held in trust; and pay bond interest and principal at its San Francisco main office, and at the office of the paying agent of the corporation in New York.

Tax Status: In the opinion of bond counsel, interest is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Authority for Issuance: The bonds are general obligation bonds of the City of Palo Alto Golf Course Corporation, a nonprofit corporation formed under the laws of the State of California, payable primarily from revenues derived from the city under the lease. The corporation has no taxing power. Terms of the \$1,800,000 Series 1978 bonds are set forth in Resolution 78-2, adopted February 14, 1978.

The resolution and lease and leaseback are discussed in detail in later sections of this statement.

Purpose: Bond proceeds will be used to finance improvements to the Palo Alto Municipal Golf Course, which will be operated by the City of Palo Alto.

Security: Bonds are secured by a pledge of gross revenues of the corporation, and its interest in the site and improvements under the lease. Corporation income is derived primarily from semi-annual rent payments made pursuant to the lease. Rents are set in an amount sufficient to pay all bond interest and principal, and all incidental expenses of the corporation and fiscal agent. Source of payment is the City of Palo Alto, which agrees to operate the golf course, and budget annually the required rentals. Payments may be made from city property taxes, golf course revenues, and other unrestricted revenues of the city. The bonds are not general obligations of the City of Palo Alto.

All rent payments are deposited with the fiscal agent in the Revenue Fund, and allocated to the Debt Service Fund, Reserve Fund, and Operating Fund, in accordance with the terms of the resolution.

Additional Bonds: Additional bonds or series of bonds may be issued as provided in the resolution, but are not presently planned for issuance.

Comptroller of Currency: An application has been made to the U.S. Comptroller of the Currency to certify the bonds as eligible for purchase, dealing in, underwriting, and unlimited holding by national banks.

State Securities Laws: In the opinion of bond counsel, the bonds are exempt from the qualification requirements of Section 25110 of the California Corporation Securities Law of 1968. No interpretive opinion from the California Commissioner of Corporations has been obtained, nor is it considered necessary.

Sale in California and Other States: No opinion is offered as to the eligibility for sale or registration requirements in states other than California. Registration or filing where required is the responsibility of the purchaser of the bonds.

Federal Securities Laws: In the opinion of bond counsel, the bonds may be publicly sold as an exempt security without compliance with the registration requirements of the Securities Act of 1933 and without qualification of the bond resolution under the Trust Indenture Act of 1939.

Semi-Annual Rental: The lease requires the city to pay rent semi-annually. The amount of rent will be set following sale of the bonds at an amount clearly sufficient to pay bond service.

SALE OF THE BONDS

The initial offering of these bonds is made in accordance with the Official Notice of Sale, dated February 14, 1978. Matters discussed in this section are expressly subject to the terms and conditions of said Official Notice, to which reference should be made for further detail.

LEGAL OPINION

The legal opinion of Wilson, Jones, Morton & Lynch, bond counsel, of San Mateo, California, will be furnished to the successful bidder and printed on each bond at the corporation's expense.

CLOSING DOCUMENTS

At the time of delivery of the bonds to the successful bidder, in addition to customary closing documents, the issue will furnish the following documents:

1. *Signature and No Litigation Certificate:* A certificate stating that the signatures on the bonds are authentic and duly authorized and that no litigation is pending or in progress concerning the validity of the bonds, the corporation or its officers nor regarding the validity or enforceability of the lease.

2. *Certificate Concerning Official Statement:* A certificate, signed by a responsible official representing the issuer, to the effect that to the best of his or her knowledge and belief, and after reasonable investigation, (a) neither the official statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the official statement no event has occurred which should have been set forth in an amendment or supplement, which has not been set forth; and (c) there has been no material adverse change in the operation or financial affairs of the City of Palo Alto since the date of such Official Statement.

3. *Arbitrage Certificate:* A certificate of the Corporation treasurer that, on the basis of the facts and circumstances in effect at the time of delivery of the bonds, it is not expected that the proceeds of the bonds will be used in a manner that will cause the bonds to be arbitrage bonds.

4. *Treasurer's Receipt:* The receipt of the treasurer of the corporation showing that the purchase price of the bonds, including accrued interest to the date of delivery (if any), has been received by the corporation.

THE RESOLUTION

The resolution, adopted February 14, 1978, is an agreement between the corporation and the bondholders. It prescribes the terms and conditions of the bonds, disposition of bond proceeds, allocation of revenues to funds, covenants of the corporation, duties of the fiscal agent, and remedies available to the fiscal agent and bondholders.

CREATION OF FUNDS

The resolution establishes funds and accounts for the deposit of corporation monies:

BOND PROCEEDS FUND—Used to receive bond proceeds. Held by treasurer of the corporation (ex-officio the City Treasurer of Palo Alto). Bond proceeds to be distributed to accounts within the Bond Proceeds Fund:

Cost of Issuance Account—Used to pay the cost of issuance of the bonds.

Capitalized Interest Account—Used to hold capitalized interest until payment to fiscal agent not earlier than five days before interest payment date.

10 *Construction Account*—Used to pay all costs of the project.

REVENUE FUND—Used to receive all revenues of the corporation. Also receives any balance in the Cost of Issuance Account. Held by fiscal agent.

DEBT SERVICE FUND—Used to receive funds to pay principal and interest on the bonds. Held by fiscal agent. Monies in the Debt Service Fund to be distributed to accounts within the fund:

Interest Account—Used to pay interest on bonds when due.

Principal Account—Used to pay principal on bonds when due. Also receives any excess in Construction Account at end of construction period.

Prior Redemption Account—Used for transfer to other funds as needed, or to buy or call bonds.

RESERVE FUND—Used to ensure timely payment of bond principal and interest and to fund necessary repairs excluded from insurance recovery through deductible amounts or co-insurance provisions. Held by fiscal agent.

OPERATING FUND—Used to pay corporation expenses. If corporation operates golf course at any time, funds for annual budgeted operating expenses to be deposited in this fund. Held by treasurer.

The resolution also provides for the establishment of a Note Repayment Account in the Bond Proceeds Fund to pay principal and interest on outstanding notes designated in the resolution, and a Sinking Fund Account in the Debt Service Fund for payment of principal on term bonds. These accounts are not applicable to the Series 1978 bonds.

APPLICATION OF REVENUES

The resolution stipulates the application of proceeds of the Series 1978 bonds. The Cost of Issuance Account will receive funds to cover the issuance costs of the Series 1978 bonds. Interest from the date of delivery to March 1, 1979, will be deposited in the Capitalized Interest Account. An amount equal to maximum annual debt service will be deposited in the Reserve Fund. Accrued interest from the date of the bonds to the date of delivery will be deposited in the Interest Account. The balance will then be deposited in the Construction Account.

Construction Account monies are to be used for all costs of acquisition, construction, and development of the project. Estimated project costs are tabulated in "The Project" section of this official statement. Any surplus monies remaining in the Construction Account at the end of the construction period will be deposited in the Principal Account in the Debt Service Fund.

All revenues of the corporation will be deposited by the fiscal agent in the Revenue Fund. From this fund, the fiscal agent will distribute the monies as required by the resolution to replenish the following accounts and funds in the following priority:

Interest Account—On or before each February 24 and August 26, beginning August 26, 1978, funds will be deposited in an amount which, together with any balance on hand in the account, will be sufficient to pay interest coming due on next succeeding interest payment date.

Principal Account—On or before each February 24, beginning February 24, 1980, funds will be deposited in an amount which, together with any balance on hand in the account, will be sufficient to pay principal coming due on the next succeeding principal installment date.

Reserve Fund—The Reserve Fund will be initially funded from bond proceeds in an amount equal to maximum annual debt service. Thereafter, transfers will be made from the Revenue Fund or other available funds to maintain it at a level of maximum annual debt service, except as noted under "Insurance Covenants." Balance in Reserve Fund will be used for final year's debt service.

Operating Fund—The Operating Fund will receive additional rent paid by the city, and be used to pay the corporation's operating expenses. Additionally, if at any time the corporation operates the golf course, monies budgeted for operating expenses will be deposited in this fund. This fund may also be used to make up deficiencies in the Debt Service or Reserve Funds. The balance in this fund on June 30 of each year is to be used first to restore the Debt Service and Reserve Funds, then the remainder applied against the budget for the next fiscal year.

Prior Redemption Account—Moneys in the Prior Redemption Account will be used to purchase or redeem bonds prior to maturity.

Revenue Fund—Any monies remaining in the Revenue Fund after the required transfers have been made may be used for the following purposes, exclusively:

- To pay the cost of unusual or extraordinary operating expenses;
- To pay the redemption price of bonds called prior to maturity, or purchase price of bonds purchased on open market;
- To pay interest and principal on any debt incurred for improvements to the golf course;
- To pay principal and interest on outstanding bonds;
- To pay for capital expenditures to improve golf course; and
- To be credited on the next succeeding base rent payment from the city.

Money in all funds is to be invested by the treasurer or fiscal agent. Earnings on all funds during the construction period will be transferred to the Construction Account. Thereafter, earnings on the Debt Service Fund will be transferred to the Revenue Fund. Excess money in the Reserve Fund, over maximum annual debt service, will be transferred to the Revenue Fund to be applied to any legal purpose of that fund.

INSURANCE

In the resolution, the corporation covenants to maintain, or cause to be maintained, public liability, property damage, workers' compensation, fire and extended coverage, and rental income insurance on the project, at all times any bonds are outstanding. Insurance coverage and

deductibles are specified in the lease and summarized in the accompanying table.

To avoid delays in appropriating money to restore full use of the project in the event of loss, the resolution allows the use of up to \$50,000 from the Reserve Fund to pay losses deductible under the terms of the insurance. Monies from the Reserve Fund may be applied after any self-insurance maintained by the city is applied to the repair of the project. If the Reserve Fund is drawn upon for this purpose, it will be replenished only from earnings on the remaining balance of the Reserve Fund.

EMINENT DOMAIN

The resolution specifies the distribution of any compensation, should any part of the project be taken by eminent domain proceedings. If the fiscal agent determines that the eminent domain proceedings have not affected the operation of the golf course or the ability of the corporation to meet its obligations under the resolution, the compensation from such proceedings shall be used to repair the project, if repairs are necessary, or treated as revenues if repairs are not required. If less than all of the project is taken, and the operation of the golf course is materially affected, the compensation from the eminent domain proceedings will be used to redeem bonds. If all of the golf course is taken, the compensation will be used to pay off all outstanding bonds and interest, if sufficient. If the compensation is not sufficient to pay all outstanding bonds and interest, it will be used to the extent available to pay principal and interest under provisions in the resolution applying to accelerated retirement. After all

CITY OF PALO ALTO GOLF COURSE CORPORATION
SUMMARY OF INSURANCE COVERAGE

Type of Insurance	Limit of Coverage ^①	Deductible Amount ^②
Fire, extended coverage, vandalism and malicious mischief.....	90% of replacement cost or, if less, amount of outstanding bonds	Standard amount as of date of purchase
Earthquake ^③	90% of replacement cost or, if less, amount of outstanding bonds	Standard amount as of date of purchase
Rental Income	Not less than 12 months' base rent plus expected additional rental	
Public Liability	Combined single limit of \$5 million of bodily injury, personal injury, and property damage	
Workers' Compensation	Statutory requirements	

① The city may satisfy all or any part of insurance coverage requirements by self-insurance.

② Up to an aggregate of \$50,000 of the Reserve Fund may be used to pay amounts deductible in the event of insured losses. Amounts withdrawn, if any, are replenishable only from earnings on the remaining balance of the Reserve Fund.

③ After completion of construction, earthquake insurance need be maintained only if it is obtainable on the open market from reputable insurance companies.

bonds and interest have been paid, any remaining compensation will be paid to the city. The corporation is unable to assure that the compensation from any such proceedings will be sufficient to redeem all of the then outstanding obligations of the corporation.

OTHER COVENANTS

The resolution sets forth other covenants by the corporation for the protection of the bondholders, including the following:

- To pay principal and interest promptly.
- To not extend maturity of any bond or payment of any coupon.
- To construct the project.
- To collect rents and charges promptly.
- To comply with the resolution.
- To not allow any interest in the project superior to the estate of the corporation or to permit any action which could cause cancellation of the lease.
- To pay all taxes and assessments levied against the project.
- To observe all applicable laws and regulations.
- To maintain and preserve the project.
- To keep the project free from liens and debts, except for construction of the project.
- To comply with all contracts regarding the use of the project.
- To defend title, and hold harmless fiscal agent and bondholders.
- To record and file all documents.
- To direct the fiscal agent to confirm that the city budgets necessary funds for rentals.

The corporation further covenants that it has the power to issue bonds and make pledges of revenues, and that the bonds are valid, and that the corporation will not take advantage of any law which may invalidate its covenants. The bonds and the provisions of the resolution are legally enforceable obligations of the corporation. The corporation will defend, preserve, and protect the pledge of revenues and all rights of bondholders under the resolution. The corporation will execute further assurances required to vest in the fiscal agent and bondholders all rights, interest, powers, benefits, privileges, and advantages conferred by the resolution.

ADDITIONAL BONDS

The resolution allows the issuance of additional bonds under successive resolutions, provided the following conditions have been met:

- Bonds are used to finance completion of the project or the acquisition and construction of an improvement, including incidental costs, costs of issuance, Reserve Fund, and capitalized interest.
- The corporation is in compliance with the resolution.

- Bonds are parity bonds, equally and ratably secured with all other bonds.
- Interest on the bonds is payable March 1 and September 1, and principal is payable March 1.
- Bonds are not callable before March 1, 1988.
- Revised or supplemental lease increases the rental to provide for payment of principal and interest on additional bonds.
- The balance in the Reserve Fund must be increased to equal maximum annual debt service on all bonds outstanding upon delivery of each subsequent series.

AMENDMENT

Any modification or amendment of the resolution may be made by a supplemental resolution, with the written consent of the holders of at least two-thirds of the principal amounts of bonds outstanding. No modification or amendment may permit a change in the terms of redemption or maturity on any outstanding bond or interest installment, or reduce the principal amount, interest rate, or redemption price, or reduce the percent of bond ownership needed for amendment.

Supplemental resolutions may be adopted without consent of the bondholders for the following purposes:

- To issue additional bonds.
- To add additional covenants and agreements to further secure the bonds.
- To prescribe further limitations and restrictions on the issuance of bonds.
- To surrender any right, power, privilege granted under the resolution.
- To confirm any pledge created by the resolution.
- To cure any ambiguity, defect, or inconsistency in the resolution.

REMEDIES

In the event of default, the fiscal agent or the holders of a majority of aggregate principal of outstanding bonds, may declare all principal and accrued interest to be due and payable. If the bonds are declared due and payable, all revenues of the corporation will be used, first, to pay the costs of the fiscal agent and bondholders in declaring the default, and second, to the payment of interest and principal, with overdue payments bearing interest at seven percent per year.

If at any time after the bonds are declared due and payable, the corporation deposits sufficient funds with the fiscal agent to pay all past due interest and principal, the holders of a majority of aggregate principal amount of the bonds may annul the declaration.

Events of default are defined as failure to pay principal when due, failure to pay interest within 30 days of due date, failure to observe covenants for 60 days, or court control of the corporation for 60 days under laws for relief or aid of debtors.

THE LEASE

The lease, dated October 3, 1977, as amended, is between the City of Palo Alto and the City of Palo Alto Golf Course Corporation. The lease consists of the ground lease to the corporation and the leaseback to the city. The term of the lease commences with delivery of the bonds, and extends until 10 days after all bonds are fully paid, but in no event beyond March 1, 2008.

It should be noted that the ordinance authorizing execution of the amendment to the lease is subject to referendum. If a petition with the requisite number of qualified signatures is filed with the city prior to the effective date of the ordinance (March 30, 1978), its effective date is deferred until the ordinance is approved by majority vote at a citywide election. As of the date of this Official Statement, no organized opposition to the ordinance has appeared.

GROUND LEASE

Under Section 4, the ground lease, the city leases the site to the corporation. The site includes all land and improvements of the existing Palo Alto Municipal Golf Course.

As full rental for the demised premises throughout the term of the lease, the corporation shall pay to the city the sum of \$200,000 from bond proceeds, which will reimburse the city for previous project expenditures. The rental is payable upon delivery of the bonds.

The ground lease provides for the construction of the project. The city will enter into a construction contract stipulating that the corporation will make full payments under the contract.

LEASEBACK

Under the leaseback, the corporation leases the site and the project back to the city. Rent to be paid by the city includes a semiannual base rent sufficient to pay all bond service as it comes due, and additional rent sufficient to pay all taxes and assessments, corporation administrative costs, and premiums for any insurance not provided by the city.

The exact amount of base rents will be computed on the basis of bids received for the Series 1978 bonds, and incorporated into the lease by attachment. Base rents are payable on the first of August and February, and are delinquent if not paid by August 21 and February 18. First rent payment will be made in August 1979, and is needed for bond service on September 1, 1979.

The exact amount of additional rent will vary from year to year. Additional rent is payable by the city within 30 days of receipt of a statement certifying that the amount has been paid by the corporation or the fiscal agent on behalf of the corporation.

Under the lease, the city is responsible for all maintenance and repair of the golf course. The city will arrange for the payment of all utilities and the costs of repair and replacement. The lease requires the city to maintain insurance coverage as summarized in the accompanying table. The corporation's obligation is to provide the golf course facility and lease the improved golf course back to the city. Upon termination of the lease, title to all assets of the corporation vests in the city and the corporation will be dissolved.

Failure of the city to meet any of its obligations under the lease will constitute a default. In the event of default by the city, the corporation has the right to terminate the lease or to take possession of the premises with or without terminating the lease.

The city's obligation to pay rent depends upon use and occupancy of the golf course. If occupancy is postponed or interrupted, rent will be abated in the proportion that the part of the golf course rendered unusable bears to the total facility. Any such abatement will extend the term of the lease by a like period of time.

In preparing the lease, the resolution, and the contract documents which govern construction of the project, efforts have been made to minimize the likelihood of rental abatement and to provide a substitute source to pay bonds through insurance against rental interruption. In this connection, all the documents are complementary and should be considered together. The accompanying table summarizes the protections available for the bondholder, and specifies the documents or sections in which the protections are set forth.

**CITY OF PALO ALTO GOLF COURSE CORPORATION
SUMMARY OF BONDHOLDER PROTECTION**

Objective	Protection	Reference*
A. During Construction		
1. To pay interest during construction	1. Interest for 12 months is funded from bond proceeds <ul style="list-style-type: none"> • Also payable from Construction Account earnings and surpluses • Reserve Fund equal to maximum annual debt service funded from bond proceeds 	R-205 R-205
2. To fund any cost increases or project changes	2. City may not make any changes which increase cost unless balance in Construction Account is adequate to cover charges in addition to other obligations, or city deposits in Construction Account funds for changes <ul style="list-style-type: none"> • Earnings on all funds to Construction Account during construction period 	R-212 R-503, 504, 505 R-212, 903
3. To secure timely completion within available funds	3. Corporation will move promptly with construction upon receipt of bond proceeds <ul style="list-style-type: none"> • Labor and Materials Payment Bond (100%) by all contractors • Faithful Performance Bond (100%) by all contractors • Construction is scheduled for completion about 8 months before the first rental period which begins August 1, 1979 	C C
4. To secure against physical loss and suits for damages	4. See insurance coverage table	L-9-13 R-913
5. To pay in event of project condemnation	5. Proceeds used for restoration or redemption	R-917 L-15 R-914
6. To protect against defect of title or invalidity of lease	6. Corporation to indemnify against all claims in case of cloud on title <ul style="list-style-type: none"> • City will provide title insurance 	R-914 L-6
7. To defend suits by or against trustee	7. Corporation to indemnify against expenses and claims. City to fund all corporation expenses through additional rents	R-914 L-6
B. After Construction		
1. To secure timely payment of rent	1. City covenants to include rent in annual budget <ul style="list-style-type: none"> • Treasurer of corporation covenants to the extent legally possible, to determine that city has included rent in budget • Statutory tax payment dates precede rent payment dates by nine to thirteen weeks 	L-6 R-916
2. To protect against late rent payment	2. Reserve Fund to be maintained at level equal to maximum annual debt service, except as provided in insurance coverage table <ul style="list-style-type: none"> • Funds left in Construction Account to be transferred to Principal Account • Any other funds may be used to make up account deficiencies in Debt Service Fund • Rentals not paid when due earn interest at 8 percent • If dispute occurs, city must pay rent anyway, and it will be rebated if necessary upon settlement of dispute 	R-604, 612 R-505 R-611 L-6 L-6
3. To restore Reserve Fund if necessary	3. Transfers to Reserve Fund annually to restore it to maximum annual debt service, except as provided in insurance coverage table. Reserve Fund earnings accrue to Reserve Fund	R-604
4. To maintain or restore rentability in event of physical loss	4. See insurance coverage table	L-9-13
5. To pay bonds in event of project condemnation	5. Proceeds used for restoration or redemption	R-917 L-15
6. To secure against suits for damages	6. Insured for \$5,000,000 combined single limit under public liability and property damage provision	L-9
7. To protect against defect of title or invalidity of lease	7. Corporation to indemnify against all claims in case of cloud on title <ul style="list-style-type: none"> • City will provide title insurance 	R-914
8. To defend suits by or against trustee or bondholders	8. Corporation to indemnify against expenses and claims <ul style="list-style-type: none"> • City to fund all corporation expenses through additional rents 	R-914 L-6
9. To pay costs of project maintenance, operations, taxes, assessments		L-6
10. To secure bondholders against sublease assignment or cancellation	10. Consent of corporation required. Terminable only upon payment of all bonds and interest. If city defaults, corporation may terminate or continue sublease	L-5, 14

* Numbers refer to section numbers of documents.

L - Lease. R - Resolution. C - Construction documents.

THE PROJECT

Proceeds of the Series of 1978 bonds will be used to finance improvements to the Palo Alto Municipal Golf Course. The improvements include renovation and upgrading of the golf course, and construction of a new clubhouse.

The course improvements have been designed by Robert Trent Jones II of California Inc., golf course designers. The improvements include five new or modified holes, relocation of the driving range, and numerous new tees and sand traps.

The clubhouse, designed by John Brooks Boyd Associates of Palo Alto, will be constructed at a new location on the course, and the existing clubhouse will be demolished. The new structure will have about 6,250 square feet, an increase of about 1,500 square feet from the present clubhouse. The building will house a pro shop, snack bar, meeting room, and cocktail lounge.

Construction bids have been received and will be awarded simultaneously with the award of the bonds. The low bid for the golf course was submitted by Munkdale Brothers of Burlingame, California in the amount \$412,089. The low bid for the clubhouse was submitted by Welch Construction Company of Mountain View, California and totalled \$769,941. The accompanying tables summarize project costs and funding, and the allocation of bond proceeds.

CITY OF PALO ALTO GOLF COURSE CORPORATION
ESTIMATED ALLOCATION OF BOND PROCEEDS

Construction Account	\$1,449,330
Capitalized interest	112,500
Reserve Fund	166,000
Issuance costs	75,000
Maximum bond discount.....	27,000
Earnings during construction	(30,000)
Total Bond Issue.....	\$1,800,000

Project construction will start in mid-March 1978. Grass areas on the course will be seeded in April or May, and are expected to be ready for play by the fall of 1978. Construction of the new clubhouse should be completed by the end of 1978. The course will remain open during the construction period. Temporary greens will be used to retain an 18-hole course throughout the construction period. The existing clubhouse will remain in use until the new building is operational.

CITY OF PALO ALTO GOLF COURSE CORPORATION
PROJECT COSTS AND FUNDING

Project Costs	
Golf Course	
Construction bid	\$412,089
Contingency	48,000
Design fees	59,500
Soil studies and back tee work...	30,000
	\$ 549,589
Clubhouse	
Construction bid	\$769,941
Contingencies	65,000
Architect's fee	70,300
Furnishings	40,000
Landscaping, soil studies, and inspection	36,000
	\$ 981,241
Advance rent	200,000
Project Costs	\$1,730,830
Funding	
Capital Improvement Fund.....	281,500
Bond Proceeds	1,449,330
	\$1,730,830

Irrigation water for the golf course is reclaimed wastewater from the city's sewage treatment facilities. This source can be supplemented from the city water system, should the need arise.

GOLF COURSE ROUNDS AND REVENUES

The Palo Alto Municipal Golf Course is used by residents and nonresidents of the city, and has generated net revenues each year of its operation for transfer to the general fund. The accompanying table shows golf course revenues and expenditures, capital investments and number of rounds played for the past ten years. The table is excerpted from the City of Palo Alto Annual Financial Report.

Golf course revenues come from green fees, the sale of monthly play cards, and rentals of the pro shop/driving range and coffee shop. Maintenance of the course and structures are performed by the Departments of Public Works and Budget and Staff Services, respectively. The work of city employees at the course and clubhouse is charged against the course on the basis of employee base hourly wages. The costs of employee benefit programs and administrative services provided by the city are not charged directly to the course. Net course revenues are transferred to the general fund at the end of the year.

In 1976, the city increased its green fees and restructured its reservation system to restrict nonresidents. Play decreased as a result. The reservations policy has been

changed again to improve the treatment of nonresidents. The total rounds played in 1976/77 was 88,820, a decrease of 13.5 percent from the 102,709 rounds played in 1975/76. Gross revenues in 1976/77 were \$298,900, a 13.4 percent increase over 1975/76. In the ten years shown in the table, annual rounds played ranged from a high of 104,727 in 1967/68 to a low of 80,871 in 1972/73.

The breakdown of total rounds played in the last two years is shown below. In the first six months of 1977/78, a total of 41,753 rounds were played, about 7 percent below the 44,809 for July through December 1976.

PALO ALTO MUNICIPAL GOLF COURSE GOLF ROUNDS, 1975/76 AND 1976/77

	1975/76	1976/77	Percent Change
Residents	30,101	26,894	-10.7%
Nonresidents	46,397	36,555	-21.2
Cardholders	26,211	25,335	-3.3
Total	102,709	88,784	-13.5%

Source: City of Palo Alto.

CITY OF PALO ALTO GOLF COURSE REVENUE AND EXPENDITURES 1967/68 THROUGH 1976/77

	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77
Revenue										
Green fees	\$180,615	\$159,605	\$195,722	\$183,723	\$187,329	\$166,498	\$177,126	\$199,821	\$205,815	\$233,006
Playcards	19,840	22,029	27,279	27,280	28,758	27,913	26,218	34,136	35,362	40,694
Pro-shop/driving range rent.....	22,381	25,684	28,819	25,278	20,964	19,853	20,492	18,891	17,287	17,287
Coffee shop rent.....	2,750	3,810	4,036	4,294	4,605	3,634	4,220	4,500	5,176	7,890
Total Revenue	\$225,586	\$211,128	\$255,856	\$240,575	\$241,656	\$217,898	\$228,056	\$257,348	\$263,640	\$298,877
Expenditures										
Maintenance of course (by Department of Public Works)	\$129,950	\$144,931	\$165,680	\$183,418	\$188,729	\$132,637	\$140,022	\$140,204	\$171,820	\$156,661
Maintenance of structures (by Department of Staff Services)	5,848	6,522	7,466	17,003	7,130	9,674	1,919	8,154	n.a.	n.a.
Total Expenditures	\$135,798	\$151,453	\$173,146	\$200,421	\$195,859	\$142,311	\$141,941	\$148,358	\$171,820	\$156,661
Net	\$ 89,788	\$ 59,675	\$ 82,710	\$ 40,154	\$ 45,797	\$ 75,587	\$ 86,115	\$108,990	\$ 91,820	\$142,216
Capital Investment—June 30										
Golf course improvements.....	\$363,182	\$363,182	\$363,182	\$363,182	\$363,182	\$366,550	\$366,597	\$376,476	\$389,834	\$405,710
Structures	36,854	36,854	36,854	60,860	60,860	60,860	64,041	82,794	83,103	107,615
Total Capital Investment.....	\$400,036	\$400,036	\$400,036	\$424,042	\$424,042	\$427,410	\$430,638	\$459,270	\$472,937	\$513,325
Rounds played	104,727	96,094	94,561	91,615	94,231	80,871	87,709	98,721	102,709	88,784

Source: City of Palo Alto Annual Financial Report, 1976/77.

The City of Palo Alto is a charter city, governed under a charter adopted by the electorate in 1950. The city uses the council-manager form of government.

Palo Alto has a nine-member city council, elected at large for staggered four-year terms commencing July 1. The council elects a mayor and vice-mayor from its members for one-year terms.

The council appoints the city manager, clerk, attorney, and controller, who serve at its pleasure. The city manager appoints all officers, department heads, and employees of the departments under his control. The city manager, George A. Sipel, heads a staff of about 775 city employees.

In addition to general city services, the city provides water, sewer, gas, electric, and refuse services which contribute revenues to the General Fund.

FINANCIAL ORGANIZATION AND PLANNING

Annual and long-term financial planning and administration responsibilities are shared among the city manager, city controller, and city treasurer. The city manager is responsible for budget preparation and administration, and financial planning and research. The city treasurer is appointed by the city manager to collect, deposit, and invest all city funds, and administer sale of city bonds and relationships with banks. The city controller's responsibilities include establishing accounting procedures, maintaining financial records, preparing financial reports, administering insurance and data processing programs, and assisting and advising the city manager and council.

Palo Alto's financial planning involves three documents: (1) the comprehensive plan, (2) capital improvement plan, and (3) annual operating budget. The comprehensive plan projects land use over an extended period of time, and is the basis for municipal and utilities planning. The capital improvement plan, annually projected on a five-year basis, is a description and cost estimate of future capital facility needs. The annual operating budget is the financial plan for the current fiscal year and implements the first year of the capital improvement plan.

The city publishes an annual financial report following the performance of an audit, in accordance with generally accepted accounting principles. The 1976/77 audit was performed by Arthur Andersen & Co. Copies of the 1976/77 annual financial report are available upon request from the Palo Alto City Controller.

The city's annual financial report sets forth the financial principles which guide the city's actions. The following summarizes these principles.

Current Financing

- Current operating expenses, including operating equipment, are financed from current revenue.
- Service charges based on cost are used to finance services of special benefit to the user.
- Property taxes should finance the governmental costs attributable to the protection and use of private property.
- Municipal utilities are not only self-supporting, but are expected to support a significant share of general government expense.
- Cash balances are pooled to permit maximum interest earning.

Capital Financing

- General fund revenue in excess of the amount needed to balance the current general fund expenditures is transferred to the Capital Improvement Fund to finance major capital improvements on a pay-as-you-go basis. Generally, such contributions should not be less than 10 percent of general fund expenditures.
- To the degree that street improvements, including underground utility mains, benefit adjacent properties, the costs are financed by assessments against such properties.
- Large scale, nonrecurring capital expenditures are financed from accumulated capital and special revenue funds, supplemented by general obligation bonds.
- State and federal aid are sought if available without compromising city policies.
- Current utilities revenues finance normal additions and replacements of the utilities' fixed assets.
- Utilities may accumulate revenue for specific capital improvements and emergency plant replacements. Emergency reserves may not exceed five percent of the net book value of assets in service.

Debt Financing

- General obligation bonded debt for general government improvements plus special assessment debt may not exceed 15 percent of total assessed valuation.
- General obligation bonds, secured by utility revenues as well as the full faith and credit of the city, are used for utility acquisitions and improvements. Such debt may not exceed 40 percent of the net book value of utility fixed assets in service.
- All bonded debt is repaid in the shortest practical period of time, and in no event longer than the useful life of the improvements.
- Serial bond maturities are arranged to conform best to existing debt structure and availability of revenues for

debt retirement, with initial maturities within two years of the date of issue.

- General government debt is designed so that annual debt service costs do not exceed 10 percent of general fund expenditures.
- General obligation bonds are generally not callable, but assessment bonds are callable.
- It is the city's policy to obtain competent legal and financial counsel in the marketing of all bond issues and to provide full and accurate financial reporting to all investment agencies.
- Authorized bonds are not sold until the money is needed.
- Bond retirement funds are established to account for and ensure the availability of cash for bond service requirements.
- Land annexed to the city must assume the city's general liability for bonded debt.
- Special assessment bonds (except those issued under Bond Plan A of the city's improvement procedure ordinance) are the contingent liability of the city.

FUNDS

18 Palo Alto's operations are conducted through six groups of funds, each of which is a complete set of balancing accounts. Insofar as practical, these funds are maintained on an accrual basis. Utilities revenues are recognized as they are earned, and expenses as they are incurred. Other funds revenues are recognized as they become available, and expenses as they are incurred. Interfund transfers are recognized in the account period in which they are authorized. The six groups of funds and the purposes are:

General Fund—to account for general governmental operations.

Capital Projects Fund—to account for financial resources segregated for major non-utility capital facilities.

Special Revenue Funds—to account for specific revenues restricted by law or administrative action. Special revenue funds currently maintained include the street improvement fund, federal revenue sharing fund, community development fund, housing improvement fund, and wastewater treatment fund.

Special Assessment Fund—to account for the financing of improvements by assessments against benefited properties.

Municipal Utilities Fund—to account for provision of utilities to the general public.

Debt Retirement Funds—to account for the accumulation of resources to pay principal and interest on general obligation, utility, and special assessment debt when due.

General fund revenues in excess of current year expenditures are transferred to the capital projects fund.

Transfers to the capital projects fund are also made from special revenue, assessment, and bond proceeds to fund projects designated for financing from those sources.

Utility revenues are used to pay operation and maintenance, bond service, capital expenditures, and reserve accumulations. The remaining balance is transferred to the general fund.

The accompanying table presents the city's 1975/76 and 1976/77 balance sheets for the general fund and combined funds. The table was compiled by Bartle Wells Associates from the city's annual financial reports and has been reviewed by the city controller for conformance with the financial report.

REVENUES AND EXPENDITURES

The table on page 21 summarizes actual general fund revenues and expenditures for the past five years and those budgeted for 1977/78. The largest individual revenue sources are property taxes and sales taxes. These two taxes have each made up about 20 percent of the city's general fund revenues in 1976/77 and 1977/78. Total transfers from the utility funds were \$5,319,491 in 1976/77, or 27 percent of general fund revenue. Utility transfers are budgeted at \$4,611,026 in 1977/78, or 23 percent of revenue. The refuse and sewer utilities are accumulating reserves in anticipation of capital improvements.

During 1976/77, Palo Alto entered into contracts with Stanford University and Santa Clara County to provide fire protection to Stanford lands and emergency communications services to the north portion of Santa Clara County. The city was reimbursed \$1,072,817 in 1976/77 for these services. The 1977/78 budget includes \$1,249,000 under revenue from other agencies for these services.

The expenses are summarized by city department or division. The city functions included within each category are:

Administration—City council, clerk, manager, and attorney.

Support Services—City controller, treasurer, personnel, and budget and staff services.

Public Works—Administration, engineering, streets and parks maintenance.

Community Environment—Planning and inspection.

Public Safety—Police, fire and animal.

Social Services—Administration, recreation, arts, nature and science, and library.

Also included in this section is the adopted 1977/78 budget for all funds. Expenditures in this table are shown by object rather than by department. Employee services make up 76 percent of the general fund budget and 71 percent of total departmental expenditures for the combined funds.

**CITY OF PALO ALTO
BALANCE SHEET**

	Combined Funds*		General Fund	
	6/30/76	6/30/77	6/30/76	6/30/77
Current Assets				
Treasury balance	\$ 9,478,478	\$ 14,128,552	\$1,394,745	\$2,462,203
Net accounts receivable.....	1,875,787	1,734,731	32,933	159,312
Accrued interest earned.....	259,949	341,965	192,383	341,965
Grants authorized	—	408,506	—	6,200
Stores inventory	445,302	353,873	445,602	353,873
Total	\$12,059,516	\$ 16,967,627	\$2,065,363	\$3,323,553
General Fixed Assets				
Land and land improvements.....	\$22,895,984	\$ 23,504,696		
Buildings and structures.....	13,453,000	13,290,503		
Equipment, vehicles, furniture.....	3,563,676	3,900,864		
Total	\$39,912,660	\$ 40,696,063		
Utilities Fixed Assets				
In service and under construction.....	\$59,900,292	\$ 61,571,904		
Less accumulated depreciation.....	(17,807,019)	(19,598,766)		
Total	\$42,093,273	\$ 41,973,138		
Future Revenue for Bond Debt				
General property taxes.....	\$ 250,000	\$ 200,000		
Stanford University Hospital.....	1,748,674	1,604,699		
Special assessment districts.....	3,702,102	4,341,930		
Total	\$ 5,700,776	\$ 6,146,629		
Total Assets	\$99,766,225	\$105,783,457		
Current Liabilities				
Refundable deposits	\$ 78,575	\$ 220,273	\$ 4,750	\$ 138,803
Accounts payable	1,182,943	285,065	150,785	200,562
Accrued salaries and benefits.....	609,042	647,855	516,468	596,699
Other accrued expenditures.....	—	1,263,604	—	340,020
Total	\$ 1,870,560	\$ 2,416,797	\$ 672,003	\$1,276,084
Bond Debt				
General Obligation for:				
General city improvements.....	\$ 309,750	\$ 258,125		
Stanford University Hospital.....	1,794,075	1,649,625		
Utilities fixed assets.....	2,920,382	2,383,475		
Special district improvements.....	4,725,038	5,128,390		
Total	\$ 9,749,245	\$ 9,419,615		
Fund Balances				
Invested in fixed assets—net.....	\$79,680,932	\$ 80,663,149		
Reserves for:				
Untransferred special revenue.....	\$ —	\$ —	\$ —	\$ (283,118)
Encumbrances—prior year	1,371,031	1,520,668	414,381	361,050
Reappropriations—prior year	1,764,349	2,254,672	—	173,537
Stores inventory replacement.....	686,596	400,000	686,596	400,000
Self-insured losses	100,000	100,000	100,000	100,000
Working capital	1,016,314	1,709,900	192,383	296,000
Utility plant replacement.....	1,005,600	526,497	—	—
Utility systems improvement.....	670,637	3,601,847	—	—
General contingency	—	1,000,000	—	1,000,000
Total	\$ 6,614,527	\$ 11,113,584	\$1,393,360	\$2,047,469
Unappropriated fund balances.....	1,850,961	2,170,312	—	—
Total Liabilities and Fund Balance	\$99,766,225	\$105,783,457	\$2,065,363	\$3,323,553

* Total of all city funds: General, Capital Projects, Special Revenue, Municipal Utilities, General Fixed Assets, and Bond Debt and Retirement.

Source: This table has been developed by Bartle Wells Associates from financial reports of the issuer, prepared by the City of Palo Alto and Arthur Andersen & Co. Complete copies of the financial report for the year ending June 30, 1977 are available from the issuer upon request.

CITY OF PALO ALTO
ADOPTED BUDGET 1977/78
SUMMARY OF ALL FUNDS

	All Funds Total	General Operating	Capital Projects	Special Revenue	Municipal Utilities	Bond Debt Retirement
Fund Balances—						
Unappropriated June 30, 1977	\$ 2,170,312	\$ —	\$1,336,923	\$ 833,389	\$ —	\$ —
Revenue (by Source)						
Property tax	\$ 4,350,000	\$ 4,293,500		\$ —	\$ —	\$ 56,500
Assessment and bond proceeds	1,631,500	—		1,631,500	—	—
Sales tax	4,260,000	4,260,000		—	—	—
Other taxes and fines	2,769,950	2,157,500		612,450	—	—
Revenue from other agencies	4,609,469	2,380,711		818,000	1,225,583	185,175
Interest on treasury balance	800,000	800,000		—	—	—
Service fees and charges	1,446,110	897,810		13,500	534,800	—
Utilities sales—net of purchases	10,933,644	—		—	10,933,644	—
Miscellaneous revenue	302,000	302,000		—	—	—
Grants authorized—prior year	322,743	6,200		316,543	—	—
Total Revenue	\$31,425,416	\$15,097,721		\$3,391,993	\$12,694,027	\$241,675
Expenditures						
Employee services	\$18,367,687	\$15,577,827			\$ 2,789,860	
Professional services	465,008	327,008			138,000	
Technical services	629,864	496,753			133,111	
Supplies	1,176,833	649,116			527,717	
Materials	1,532,384	380,394			1,151,990	
Equipment purchase and rent	780,311	591,927			188,384	
Insurance and general expense	967,897	657,675			310,222	
Subsidies and special expense	1,054,847	864,847			190,000	
Facilities acquisition	177,979	—			177,979	
Contingent account	830,000	830,000			—	
Total Expenditures	\$25,982,810	\$20,375,547			\$ 5,607,263	
Capital projects	\$ 3,463,500	—	\$3,463,500			\$ —
Bond retirement	749,896	—	—			749,896
Encumbrances and reappropriations—1976/77	3,775,340	534,587	2,918,793		321,960	—
	\$33,971,546	\$20,910,134	\$6,382,293		\$ 5,929,223	\$749,896
Inter-Fund Services						
Provided by general fund departments		\$ 1,531,481			\$(1,531,481)	
Provided by utilities departments		(705,626)			705,626	
		\$ 825,855			\$ (825,855)	
Revenue Transfers						
Gasoline tax to general fund		\$ 312,450	\$ —	\$ (312,450)	\$ —	\$ —
Gasoline tax to capital		—	426,000	(426,000)	—	—
Federal revenue to general fund		490,000	—	(490,000)	—	—
Community development to capital		—	285,000	(285,000)	—	—
Assessment districts to capital		—	206,500	(206,500)	—	—
NPC revenue bonds to capital		—	1,425,000	(1,425,000)	—	—
Utilities bond retirement		—	—	—	(508,221)	508,221
Utilities revenue to general fund		4,611,026	—	—	(4,611,026)	—
General fund revenue to capital		(955,305)	955,305	—	—	—
		\$ 4,458,171	\$3,297,805	\$(3,144,950)	\$ (5,119,247)	\$508,221
Reserves (Increase) Decrease						
Encumbrances and reappropriations ..	\$ 3,775,340	\$ 534,587	\$2,918,793	\$ —	\$ 321,960	\$ —

CITY OF PALO ALTO
SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES

	1972/73	1973/74	1974/75	1975/76	1976/77	Budget 1977/78
Revenues						
Property tax	\$ 2,388,174	\$ 2,655,600	\$ 2,745,866	\$ 2,989,602	\$ 3,980,264	\$ 4,293,500
Sales tax	708,982	1,928,596	3,328,242	3,483,558	3,980,054	4,260,000
Gasoline tax	257,660	391,119	406,748	274,019	—	312,450
Motor vehicle in-lieu tax	446,187	526,228	502,361	593,207	687,112	700,000
Other taxes	649,292	688,518	817,899	935,707	1,066,297	1,457,500
Interest income	984,933	1,245,600	1,428,312	1,085,310	773,094	800,000
Department revenue	823,696	1,119,571	995,417	892,450	1,097,694	897,810
Miscellaneous revenue	668,936	508,098	645,593	748,937	1,605,727 ^①	2,688,911 ^③
Revenue from utilities						
Water	601,106	587,378	437,646	673,743	530,214 ^②	728,972
Gas	326,374	267,336	(25,773)	218,266	(291,978)	(253,247)
Electric	3,025,012	3,260,199	3,149,960	4,074,175	5,109,655	4,135,301
Refuse	47,786	(21,284)	—	—	(28,400)	—
Service to utilities	1,510,479	1,525,018	1,653,223	1,455,721	971,542	825,855
Total	\$12,438,617	\$14,681,977	\$16,085,494	\$17,424,695	\$19,481,275	\$20,847,052
Expenditures						
Administration	\$ 665,027	\$ 421,984	\$ 498,984	\$ 537,217	\$ 601,457	\$ 608,787
Support services	2,995,082	3,622,669	4,027,297	4,280,310	4,169,492	4,525,265
Public works	2,334,713	2,543,256	2,752,139	2,755,810	3,027,582	2,909,801
Community environment	556,298	787,684	847,453	872,748	894,088	913,428
Public safety	3,881,240	4,584,971	5,640,274	6,038,178	7,044,621	7,380,646
Social services	1,748,229	2,356,360	2,697,242	2,707,377	2,778,613	2,902,282
CETA program	—	—	—	223,532	310,809	305,338
Contingency allowance	—	—	—	—	—	830,000
Total	\$12,180,589	\$14,316,924	\$16,463,389	\$17,415,172	\$18,826,662	\$20,375,547

① Includes joint fire and communications revenue of \$1,072,817.

② Includes sewer utility.

③ Includes revenue from other agencies and service fees and charges.

Source: This table has been developed by Bartle Wells Associates from financial reports of the issuer, prepared by the City of Palo Alto and Arthur Andersen & Co. Complete copies of the financial report for the year ended June 30, 1977 are available from the issuer upon request.

These tables were prepared by Bartle Wells Associates from the city's annual financial reports. They have been reviewed by the city controller for conformance with the financial report.

ASSESSED VALUATION

The Santa Clara County Assessor assesses all property within the city except utility property which is assessed by the State Board of Equalization. State law requires that all property subject to general property taxation be assessed at 25 percent of market value. The State Board of Equalization reports that in 1977/78, property in Santa Clara County is assessed at 21.9 percent of full market value. Utility property is assessed at 25 percent of full market value. Under California law, 50 percent of the assessed valuation of business inventories are exempt from taxation. Owner-occupied dwelling units also have a current tax exemption of \$7,000 of the full cash

value which is equivalent to \$1,750 of the assessed valuation. Revenues lost to tax-supported public agencies due to these two exemptions are fully reimbursed by a state subvention.

The tables on page 22 show a five-year history of Palo Alto's assessed valuation, and a detailed breakdown of the current year's value. All assessed valuation shown includes homeowners and business inventory exemptions. Over the five-year period shown, the city's assessed valuation has increased at an annually compounded rate of 11.5 percent per year. The 1977/78 assessed valuation is 13.9 percent higher than that of 1976/77.

TAX RATES AND LIMITATIONS

The table entitled Assessed Valuation History also includes city tax rates for the past five years. During that time, the city tax rate has ranged from \$.70 in 1975/76 to \$.83 in 1976/77.

**CITY OF PALO ALTO
DETAIL OF 1977/78 ASSESSED VALUATION**

	Local Secured	Utility	Unsecured	Total
Land	\$150,089,102	\$ 1,378,790	\$ 128,788	\$151,596,680
Improvements	275,712,219	8,709,020	16,877,125	301,298,364
Personal property	14,434,221	7,038,050	121,477,504	142,949,775
Exemptions	(36,636,689)	—	(492,680)	(37,129,369)
Total	\$403,598,853	\$17,125,860	\$137,990,737	\$558,715,450
Reimbursable Exemptions*				
Homeowners	\$ 21,321,650	\$ —	\$ —	\$ 21,321,650
Business inventory	857,867	—	26,572,637	27,430,504

* Included in totals above.

Source: Santa Clara County, Department of Finance.

22

**MILLION DOLLAR PROPERTIES
IN THE CITY OF PALO ALTO**

	1977/78 Net Assessed Valuation	
	Secured	Unsecured
Stanford University	\$73,580,911	\$ 1,787
Hewlett-Packard	1,483,756	13,523,581
Pacific Telephone	14,947,260	—
Varian Associates	— *	10,364,581
I.B.M.	— *	8,833,651
Ford Aerospace	—	7,022,111
Alza Corp.	— *	2,497,491
Watkins-Johnson	— *	2,470,952
Eldorado Insurance Co.	2,385,750	—
Beckman Instruments	— *	1,917,745
Syntex Laboratories	— *	1,824,099
Palo Alto Clinic Ltd.	1,715,643	—
U.S. Steel	1,670,000	1,292
Lockheed Missiles and Space... ..	— *	1,413,563
R.H. Macy	— *	1,402,304
Eastman Kodak	— *	1,357,722
Southern Pacific Transportation Co.	1,270,630	—
Peninsula Newspapers	1,040,606	—
Total	\$98,094,556	\$52,630,679
Percent of City Total	24.6%	47.2%

* Land valuation included in Stanford University above; taxes usually paid by industry named.

Source: Santa Clara County Department of Finance. Estimated based on scanning tax rolls for easily-recognized names. Assessee listed may own or control additional property under names not easily recognized.

**CITY OF PALO ALTO
ASSESSED VALUATION HISTORY***

Year	Total	Percent Increase	Tax Rate
1972/73	\$324,217,370	—	\$0.74
1973/74	346,775,264	7.0%	0.74
1974/75	382,269,506	10.2	0.74
1975/76	429,012,649	12.2	0.70
1976/77	490,373,725	14.3	0.83
1977/78	558,715,450	13.9	0.75

* Includes homeowners and business inventory exemptions.

Source: Santa Clara County, Department of Finance.

**CITY OF PALO ALTO
TOTAL 1977/78 TAX RATES^①
TAX RATE AREA 6-014**

Santa Clara County	\$2.218
City of Palo Alto	0.750
Schools	5.954
Mid Peninsula Regional Park District	0.100
Santa Clara Valley Water District	0.141
Bay Area Air Pollution Control District	0.015
Total	\$9.178
Santa Clara Valley Water District	\$0.088 ^②
Flood Control District	0.021 ^②
Total All Rates	\$9.287

^① Rates per \$100 assessed valuation.

^② Land and improvements only.

Source: Santa Clara County.

The Palo Alto City Charter (Article III, Section 11) establishes a maximum tax rate of \$1.25/\$100 of assessed valuation. This maximum tax rate does not apply to taxes levied for bond service or city contribution to employees' retirement, but does apply to any taxes levied to pay rent to the golf course corporation. If the entire rental expenses were to be paid from property taxes, the tax rate based on 1977/78 assessed valuation would increase \$.03.

There are 34 tax rate areas in the city. Tax rate area 6-014 includes about 75 percent of the city's total assessed valuation. The preceding table summarizes the total 1977/78 tax rate in tax rate area 6-014.

PROPERTY TAX LIMITATION INITIATIVE

An initiative constitutional amendment commonly known as the "Jarvis Initiative," providing for, among other things, certain property tax limitations, will appear on the statewide ballot in June 1978. The office of the California Attorney General, in accordance with state law, has provided the following summary of the Jarvis Initiative to the California Secretary of State:

PROPERTY TAX LIMITATION. INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to one percent of value except to pay indebtedness previously approved by voters. Establishes 1975/76 assessed valuation as base of property for tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer or construction. Requires two-thirds vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales or transaction taxes on real property. Financial Impact: Would result in the loss of local property tax revenues of \$7 to \$8 billion annually and a reduction in state costs of about \$700 million in 1978/79 and \$800 million thereafter.

The initiative does not set forth what law is to be used to appropriate the one percent tax among overlapping taxing jurisdictions, and no formula for such apportionment has been proposed. If approved, the initiative will have significant impact on the taxing powers of local government and, because of the lack of enabling legislation, will not permit an early assessment of the impact on any one agency.

The city can neither predict whether or not the Jarvis Initiative will be approved by the voters nor can it predict whether or not the validity of the initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts. If the measure is adopted, ad valorem real property tax revenues of the city would be sharply reduced. However, the city believes that its ability to make rental payments under the lease would not be seriously impaired.

TAX LEVIES AND DELINQUENCIES

The accompanying table shows Palo Alto's secured tax levy for each of the past five fiscal years. The table

also includes the dollar amount delinquent and percent as of June 30 of each year. Tax delinquencies have exceeded one percent in only one year shown.

In accordance with California Revenue and Taxation Code, the Santa Clara County Tax Collector collects secured tax levies for each fiscal year. One-half of the taxes are due November 1, and become delinquent December 10; the second installment is due February 1, and delinquent April 10. A six percent penalty is added to any late installment. On June 30, delinquent properties are sold to the state.

Property owners may redeem property upon payment of delinquent taxes and penalties. Properties sold to the state incur a redemption penalty of one percent per month of the taxes due.

Properties may be redeemed under an installment plan by paying current taxes plus 20 percent of delinquent taxes for five years. Interest accrues at one-half of one percent per month on the unpaid balance.

If no payments have been made on delinquent taxes at the end of five fiscal years, the property is deeded to the state. Such properties may thereafter be conveyed to the county tax collector as provided by law.

CITY OF PALO ALTO TAX LEVIES AND DELINQUENCIES

Fiscal Year	Secured Tax Levy	Delinquent as of June 30	
		Amount	Percent
1972/73.....	\$1,840,883	\$17,205	0.93%
1973/74.....	1,830,593	16,482	0.90
1974/75.....	1,973,544	22,549	1.14
1975/76.....	2,096,725	15,037	0.72
1976/77.....	2,907,613	15,899	0.55

Source: Santa Clara County, Department of Finance.

BONDED DEBT

The 1976/77 audit reported the city's outstanding bonded debt as of June 30, 1977, to be \$4,175,000 of general obligation bonds, and \$5.13 million of assessment bonds. The accompanying table summarizes outstanding general obligation bonds. The ratio of general obligation bonds to 1977/78 assessed valuation is 0.75 percent. The debt ratio, including assessment debt, is 1.67 percent, well within the city's 15 percent limit.

The only general obligation bonds currently paid from the tax roll are the library bonds, Series 1956 C. Bond service on 1965 hospital bonds is paid by Stanford Uni-

**CITY OF PALO ALTO
OUTSTANDING GENERAL OBLIGATION BONDS**

Bond Issue	Original Amount	Outstanding as of 6/30/77	Year of Final Maturity	Source of Payment
1956 C, Library Bonds.....	\$1,000,000	\$ 250,000	1982	Tax Roll
1955 A, Hospital Bonds.....	1,000,000	400,000	1986	Stanford University
1955 B, Hospital Bonds.....	3,000,000	1,200,000	1987	Stanford University
1951 C, Utility Bonds.....	950,000	40,000	1978	Utility funds
1956 B, Utility Bonds.....	500,000	80,000	1981	Utility funds
1956 D, Utility Bonds.....	500,000	120,000	1983	Utility funds
1956 E, Utility Bonds.....	250,000	60,000	1980	Utility funds
1970 Sewer Bonds.....	3,500,000	2,025,000	1982	Utility funds

Source: This table has been developed by Bartle Wells Associates from financial reports of the issuer, prepared by the City of Palo Alto and Arthur Andersen & Co. Complete copies of the financial report for the year ending June 30, 1977 are available from the issuer upon request.

**CITY OF PALO ALTO
DIRECT AND OVERLAPPING BONDED DEBT**

	Percent Applicable	Debt February 6, 1978
Santa Clara County	8.593%	\$ 4,009,923
Santa Clara County Building Authorities.....	8.593	3,814,431
Santa Clara County Flood Control and Water Conservation District, Zones W-1 and NW-1	0.561-37.877	961,809
Foothill Community College District.....	24.316-24.356	3,432,733
Palo Alto Unified School District.....	92.254-92.301	9,595,308
City of Palo Alto.....	100.	3,680,000
Palo Alto Lease Revenue Bonds.....	100.	1,800,000 ^①
City of Palo Alto 1915 Act Bonds.....	100.	1,458,229
City Parking Districts.....	100.	3,135,000
Various High School and Community College Districts.....	Various	64,953
Various School Districts.....	Various	9,812
Total Gross Direct and Overlapping Bonded Debt.....		\$31,962,198
Less: Palo Alto self-supporting bonds.....		3,430,000
Santa Clara County Conservation Zone W-1 (100% self-supporting).....		219,799
Santa Clara Valley Water Conservation (100% self-supporting).....		3,924
Total Net Direct and Overlapping Bonded Debt.....		\$28,308,475

	Ratio to	
	1977/78 Assessed Valuation \$558,715,450	Estimated Market Value \$2,541,500,000 ^②
Direct debt (\$5,480,000).....	0.98%	0.22%
Gross debt	5.72	1.26
Net debt	5.07	1.11
		Population 54,900
		\$ 98.82
		582.19
		515.64

^① To be sold March 13, 1978.

^② The State Board of Equalization reports that 1977/78 Santa Clara County valuations average 21.9 percent of market value. Public utility property (\$17,125,860) used for utility operations is assessed by the state at 25 percent of market value.

Compiled in cooperation with California Municipal Statistics, Inc.

versity, under terms of the sale of the city's equity in the hospital to the university on July 1, 1968. Bonds sold to finance utility improvements and acquisitions are supported by utility fund revenues.

The city has \$5 million in tax anticipation notes outstanding, which mature June 12, 1978. The city is also proceeding with the formation of the Sand Hill Road Assessment District, which may issue about \$4.5 million in assessment bonds in the spring of 1978. These bonds would be primarily secured by assessments against benefited properties, but the city would have the authority to levy a citywide tax rate of up to \$.10 per \$100 of assessed valuation if necessary to pay bond service.

The preceding table shows direct and overlapping bonded debt of the City of Palo Alto as of February 6, 1978.

PENSION OBLIGATION

The city covers all of its permanent employees under the Public Employees Retirement System (PERS) of the State of California. Pension costs are funded by monthly contributions to PERS by the city and the employee. The accompanying table shows the number of employees and city contribution to the retirement program.

PERS is a statewide system operated pursuant to Title 2, Division 5, Part 3 of the Government Code. The system has approximately 900 agency accounts. Detailed public disclosure of investments is required by law. State law also requires that PERS undergo actuarial review not less often than every fourth year. A review for the period ending June 30, 1977 is in progress. Coopers & Lybrand, Certified Public Accountants, have made actuarial reviews of PERS as of June 30, 1975 and June 30, 1976. In their report, certain member groups' unfunded supplemental liabilities were identified, and are being amortized. Notwithstanding, the report concluded that PERS

was fiscally sound. Additional information about PERS may be obtained from the system's office at 1416 Ninth Street, Sacramento, California 95814.

LABOR RELATIONS

Palo Alto's municipal employees are represented by three employee organizations. The accompanying table lists the unions and expiration dates of current agreements. Negotiations for new contracts will begin in early 1978 with the Service Employees' International Union (SEIU), and the Palo Alto Peace Officers' Association. The SEIU struck for approximately 30 days in 1975.

The city's total salary and benefit expense in 1976/77 was \$17,460,207. This amount included \$2,126,304, 12.2 percent, in paid absences and \$2,813,525, 16.1 percent, in city contributions to retirement, insurance and medical plans, disability expense, and employee allowances. The city's liability for accrued but unused vacation, holidays, and sick leave was \$4,828,226, as of June 30, 1977.

CITY OF PALO ALTO SUMMARY OF EMPLOYEE RELATIONS

25

Number	Employers		Term of Agreement
	Class	Union	
90	Police	Palo Alto Peace Officers Association	6/30/78
130	Fire	International Association of Fire Fighters	12/31/79
454	Other city employees	Service Employees International Union	3/31/78

Source: City of Palo Alto.

CITY OF PALO ALTO PERS CONTRIBUTION

Year	Participating Employees	City Contribution
1972/73	744	\$ 846,091
1973/74	749	980,787
1974/75	766	1,345,022
1975/76	755	1,573,663
1976/77	777	1,876,287
1977/78*	777	2,037,354

* Budget.

Source: This table has been developed by Bartle Wells Associates from financial reports of the issuer, prepared by the City of Palo Alto and Arthur Andersen & Co. Complete copies of the financial report for the year ending June 30, 1977 are available from the issuer upon request.

CITY INSURANCE COVERAGE

Palo Alto currently maintains insurance coverage against property loss (\$37 million), comprehensive public liability (\$300,000 per occurrence), umbrella liability (\$25 million for nonutility, \$26 million for utility) and workers' compensation (\$3 million). Other insurance coverage includes special liability for aircraft use, employee performance bonds, and employee medical and travel accident insurance. The city is fully insured for the first \$300,000, and self-insured for the difference up to \$1 million of workers' compensation liability and \$3 million of liability from utilities operations. The city is also self-insured for 80 percent of liability from nonutility operations, between \$300,000 and \$3 million.

The insurance required by the lease of the golf course may be met in part by naming the City of Palo Alto Golf Course Corporation as an additional insured under one or more of the city's existing policies.



Left top: Stanford Industrial Park covers 660 acres in Palo Alto. Its 65 tenants include such well-known companies as Hewlett-Packard, IBM, Eastman Kodak, and Syntex. Total employment in the industrial park is about 20,000.

Left: Stanford Shopping Center, like Stanford Industrial Park, is located within the city limits on land owned by Stanford University. The shopping center's 100 stores generate an annual sales volume of about \$80 million. Tenants of the center include Macy's, The Emporium, Bullock's, I. Magnin, Saks Fifth Avenue, and Joseph Magnin.

Above: At Stanford Linear Accelerator, subatomic particle traffic passes beneath the freeway traffic on Interstate 280.

Dale E. Boyer photos.



Left top: The mall at Stanford Shopping Center.

Left: Stanford Medical Center is a recognized center of medical research.

Dale E. Boyer, photos.

Above: Stanford Quad, a central feature of the university campus.

Stanford University photo.



LOCATION

The City of Palo Alto is located in northern Santa Clara County, about 30 miles south of San Francisco, and 15 miles northwest of San Jose. The city limits extend from San Francisco Bay to Skyline Ridge in the Santa Cruz Mountains, covering an area of about 25 square miles. Although the city is best known as a residential community, it has a substantial base of high technology industry. Palo Alto is closely identified with Stanford University, which is outside the city limits. The university is a large employer and land owner, as well as a factor in attracting specialized industry to the area.

POPULATION

The California Department of Finance estimates that the population of the City of Palo Alto was 54,900 in January 1977. The accompanying table, which compares

population growth in Palo Alto and in Santa Clara County, shows that the city's population has been declining since 1970. While the county's population has grown by 12.7 percent, the city's population has decreased by 1.7 percent over the past seven years. The city's population increased by 5.3 percent during 1975, due to the annexation of Barron Park. The Santa Clara Planning Department estimates that the median age of the population of Palo Alto was 32.8 years in 1975, compared to 27.6 years for the county. The table below shows the age distributions of the city and county population. About 28.6 percent of the city's population is in the 1-19 year age group, compared to 36.6 percent for the county and, while over 24 percent of the city's residents are 50 years or older, only 17.6 percent of the county's population fall into this age group. School enrollment in the city has been dropping, from 15,566 in 1967/68 to 12,024 in 1976/77.

27

CITY OF PALO ALTO, SANTA CLARA COUNTY
POPULATION, 1960-1977

	Palo Alto		Santa Clara County	
	Population	Percent Change	Population	Percent Change
1960 U.S. Census . . .	52,287	—	642,315	—
1970 U.S. Census . . .	55,835	6.8%	1,066,174	66.0%
July 1, 1971	n.a.	n.a.	1,093,600	2.6
April 1, 1972	54,500	n.a.	1,122,000 ^①	2.6
January 1, 1973	53,900	−1.1	1,146,900 ^①	2.2
January 1, 1974	52,500	−2.6	1,169,600	2.0
January 1, 1975	52,400	−0.2	1,165,800	−0.3
January 1, 1976	55,200 ^②	5.3 ^②	1,184,100	1.6
January 1, 1977	54,900	−0.5	1,202,100	1.5

① July 1.
② Population increase of 3,200 due to annexation of Barron Park; without annexation, population would be unchanged from 1975 figure.
Source: California Department of Finance.

CITY OF PALO ALTO, SANTA CLARA COUNTY
AGE DISTRIBUTION OF POPULATION, 1975 CENSUS

Ages	Palo Alto		Santa Clara County	
	Number of Persons	Percent of Total Population	Number of Persons	Percent of Total Population
0-9	2,818	11.3%	93,419	16.3%
10-19	4,341	17.3	116,311	20.3
20-29	4,878	19.5	104,283	18.2
30-39	3,717	14.9	87,434	15.2
40-49	3,033	12.1	67,498	11.8
50-64	4,056	16.2	70,862	12.4
65+	2,074	8.3	29,558	5.1
Unknown	100	0.4	4,103	0.7
Total	25,017	100.0%	573,460	100.0%

Source: Santa Clara County 1975 countywide census.

**CITY OF PALO ALTO
BUILDING ACTIVITY, 1972-1977**

City of Palo Alto	1972	1973	1974	1975	1976	1977
Number of Dwelling Units						
Single family	34	134	36	17	41	71
Multi-family	305	287	322	18	249	245
Building Valuation (\$000)						
Residential	\$ 6,910	\$11,626	\$ 9,498	\$ 3,693	\$11,775	\$ 9,624
Commercial	2,419	8,704	5,886	8,361	7,708	18,744
Industrial	3,873	3,093	9,009	837	300	1,379
Other nonresidential	5,160	5,253	10,030	8,217	11,991	8,494
Total	\$18,362	\$28,676	\$34,423	\$21,108	\$31,774	\$38,241

Source: Security Pacific National Bank and City of Palo Alto.

28

According to the city's planning commission and the California Employment Development Department, declining birth rates, a lack of available land in the city for new housing development, and a greater demand than supply of housing have been responsible for the city's decline in population and the higher percentage of older residents.

Home prices are high and vacancy rates are low. This has discouraged new households, especially young families with children, from moving into the city. While residents who have lived in the city for a number of years are remaining, their children, as they grow up and leave home, are also required to leave the community and look elsewhere for housing.

HOUSING AND BUILDING ACTIVITY

The 1975 Santa Clara County special countywide census surveyed 21,822 housing units in Palo Alto. Of this total, over 60 percent were single-family units and about 80 percent of the single-family units were owner-occupied. In 1975, the median value of a home in the city was \$56,000. Comparable data for the county for the same period is not available. However, based on a study prepared by a private consulting firm, the county planning department reports that the median price of a new home for sale in the county in March 1975 was \$42,600.

The table above provides building activity data for the city since 1972. Over the period shown, most new construction has been in the nonresidential sector which has annually accounted for over 60 percent of the valuation of new construction in the city. As indicated earlier, there is little land available in the city for new housing construction. The PALO ALTO COMPREHENSIVE PLAN reports that about 40 percent of the city's housing was built before 1950 and another 40 percent between 1950 and 1960. Among cities within Santa Clara County, the

city in recent years has had one of the lowest number of new building permits issued. Since 1972, just slightly over 300 permits for new single-family homes were issued in the city.

INCOME

Income distributions of households in Palo Alto and Santa Clara County are shown in the following table. According to SALES AND MARKETING MANAGEMENT Magazine, Palo Alto's median household effective buying income in 1976 was \$19,745, about seven percent higher than that of Santa Clara County, 38 percent higher than all of California, and 43 percent higher than the United States as a whole. Median household effective buying income data for the city, county, state, and nation are provided in the table on page 29.

CITY OF PALO ALTO, SANTA CLARA COUNTY INCOME DISTRIBUTION BY HOUSEHOLDS, 1974

	Palo Alto		Santa Clara County	
	Households	Percent	Households	Percent
Less than \$4,000....	1,534	7.3%	24,029	6.1%
\$ 4,000-\$ 9,999	3,114	14.9	51,152	13.0
10,000- 15,999	3,455	16.5	70,841	18.1
16,000- 23,999	3,473	16.6	66,576	17.0
24,000- 39,999	3,053	14.6	37,152	9.5
40,000- 49,999	461	2.2	3,860	1.0
50,000 or more.....	398	1.9	3,240	0.8
Unknown	5,441	26.0	135,551	34.5
Total	20,929	100.0%	392,401	100.0%

Source: Santa Clara County 1975 countywide census.

EMPLOYMENT AND ECONOMY

Electronics, electrical machinery, scientific and technical research and development, publishing, and medical equipment and supplies are Palo Alto's principal indus-

tries. Industries employing more than 100 are listed in the accompanying table. The city's two largest industrial employers are Hewlett-Packard, whose several divisions in the city employ over 6,000 persons, and the Ford Aerospace and Communications Corporation, which is

CITY OF PALO ALTO, SANTA CLARA COUNTY, CALIFORNIA, UNITED STATES MEDIAN EFFECTIVE BUYING INCOME, 1972-1976

	1972	1973	1974	1975	1976
Palo Alto	\$12,218	\$13,610	\$17,333	\$18,232	\$19,754
Santa Clara County	11,420	12,509	15,857	16,804	18,501
California	9,209	10,083	12,480	13,206	14,299
United States	8,605	9,544	11,890	12,824	13,781

EBI is defined as income remaining after withholding taxes and Social Security deductions.

Source: **Sales and Marketing Management** magazine.

PALO ALTO LARGEST EMPLOYERS

	Service/Products
1,000 or More Employees	
Ford Aerospace and Communications Corporation	Aerospace equipment
Hewlett-Packard Company	Computers, electronic equipment, medical electronic equipment
Hewlett-Packard Company	Printed circuit boards, die castings, transformers
Hewlett-Packard Company — Stanford	Microwave generators and power meters
Varian Associates	Electronic equipment
Watkins-Johnson Company	Electronic components and accessories
501-1,000 Employees	
Alza Corporation	Therapy systems
Beckman Instruments	Precision instruments
Kaiser Aerospace and Electronics Corporation	Aircraft electrical parts
Syntex Laboratories, Inc.	Pharmaceuticals
Teledyne, Inc.	Microwave equipment
101-500 Employees	
Alza Pharmaceuticals	Pharmaceuticals
Argosystems	Computer systems
Aydin Energy Systems	Electronic equipment
Coherent Radiation	Laser optical systems
Dow Jones, Inc.	Newspaper publishing
Drexler Technology Corporation	Photo plates
Fairchild Camera and Instruments Corporation	Electronic components and accessories
Galamar Industries, Inc.	Silicon wafers
Hewlett-Packard Company	Microwave transistors and components
Houghton Mifflin Company	Books
Monsanto Company — Electronics Division	Diodes
Palo Alto Times	Newspaper publishing
Peninsula Newspapers	Newspaper publishing
Tab Products Corporate Office	Data electronic systems
Tab Products Company	Data equipment
Telesensory Systems, Inc.	Electrical reading aid
Wiltron Company	Electrical measuring equipment
Zoecon Corporation	Agricultural chemicals

Source: Business Information Systems, Inc., **1977 Industrial Directory, Santa Clara County.**

engaged in aerospace research and development and employs over 2,000. Palo Alto is also within commuting distance of Santa Clara County's largest industrial employers. They include Lockheed Missiles and Space Center, International Business Machines (IBM), General Electric, FMC Corporation, and Ford Motor Company.

The city is included in the San Jose Standard Metropolitan Statistical Area (SMSA), which is coterminous with Santa Clara County. Annual employment statistics in the SMSA are provided in the following table. The California Employment Development Department estimated that total employment in the SMSA in 1976 was 501,600. Manufacturing is the largest employment sector, accounting for 32.4 percent of the total employment. Services (20.3 percent) and trade (19.4 percent) are the next largest employment sectors. The SMSA's seasonally adjusted employment rate was 5.7 percent in September 1977. As shown in the table on page 31, unemployment in the SMSA is currently lower than both the state and national unemployment rates.

INDUSTRIAL PARKS

Palo Alto's major industrial employers are clustered in the city's three industrial parks. The largest of the three, Stanford Industrial Park, covers 660 acres; approximately 65 tenants employ about 22,000 workers. The park is zoned for light manufacturing. The ten largest tenants are:

1. Alza Corporation.
2. Electric Power Research Institute.
3. Hewlett-Packard Company.
4. IBM Corporation.
5. Eastman Kodak Company.
6. Syntex.
7. Syva Research Institute.
8. Tab Products Co.
9. Varian Associates.
10. Watkins-Johnson Company.

SAN JOSE METROPOLITAN AREA ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY, 1972-1976

	1972	1973	1974	1975	1976
Mineral extraction	100	100	100	100	100
Construction	19,300	20,500	20,500	17,000	17,400
Manufacturing	126,700	147,100	162,800	153,600	162,500
Nondurable goods	24,500	25,900	27,200	26,400	26,600
Food and kindred products.....	13,400	14,000	14,500	14,100	13,800
Printing and publishing.....	5,000	5,000	5,000	5,000	5,200
Other nondurable goods.....	6,100	6,900	7,700	7,300	7,600
Durable goods	102,200	121,200	135,600	127,200	135,900
Transportation equipment	22,700	23,000	24,900	24,900	24,100
Electric and electronic equipment.....	38,100	49,600	56,100	50,500	56,000
Instruments	11,400	14,500	15,100	15,000	15,900
Stone, clay, and glass.....	2,900	2,800	2,900	2,600	2,600
Fabricated metals	3,300	3,700	3,800	3,600	4,000
Nonelectrical machinery	21,200	25,100	29,900	28,100	30,600
Other durable goods.....	2,600	2,500	2,900	2,500	2,700
Transportation, communication, and utilities.....	17,800	18,200	18,500	17,900	18,100
Trade	78,400	83,600	87,500	91,300	97,100
Wholesale	15,800	17,400	18,300	19,900	21,300
Retail	62,600	66,200	69,200	71,400	75,800
Finance, insurance, and real estate.....	15,900	17,300	18,200	18,700	19,900
Services	82,400	89,500	92,800	95,900	101,700
Government	65,000	67,300	69,500	72,200	75,200
Federal	9,400	9,300	9,100	9,000	9,100
State and local.....	55,600	58,000	60,400	63,200	66,100
Agriculture	7,700	8,000	8,700	9,300	9,600
Total	413,300	451,600	478,000	476,000	501,600
Civilian labor force.....	505,000	544,000	561,000	555,000	568,000
Employed	465,000	513,000	528,000	504,000	524,000
Unemployed	40,000	31,000	33,000	51,000	44,000

Source: California Employment Development Department, Employment Data and Research Division.

Sites are leased from Stanford University for a maximum term of 51 years on a net rent basis with the tenants paying all taxes and assessments. Each tenant constructs its own building. Stanford exercises architectural control, requiring lessees to submit complete plans for approval prior to construction.

The Palo Alto Industrial Park is the city's second largest industrial park. Covering 92 acres, the park is also zoned for light manufacturing. Ford Aerospace and Communications Corporation is the park's largest tenant.

Baylands Industrial Park is the third industrial park. The Park covers 52 acres and houses 11 tenants.

RETAIL TRADE

The DIRECTORY OF SHOPPING CENTERS IN THE UNITED STATES lists six shopping centers in Palo Alto. The two largest are the Stanford Shopping Center and the Town & Country Village. The Stanford Shopping Center houses about 100 stores, which include Bullock's, The Emporium, and Macy's. Annual sales volume at the Stanford Shopping Center is about \$80 million. The Town & Country Village includes 101 tenants, primarily specialty shops.

The following table shows taxable sales data for the City of Palo Alto since 1972. Retail sales for the city rose from \$208 million in 1972 to \$258 million in 1976.

CITY OF PALO ALTO TAXABLE SALES, 1972-1976

Year	Total Retail Stores		Total All Outlets	
	Permits	Taxable Transactions	Permits	Taxable Transactions
1972.....	630	\$208,104,000	1,812	\$291,218,000
1973.....	652	215,419,000	1,917	314,910,000
1974.....	651	218,300,000	2,004	325,082,000
1975.....	664	241,964,000	2,102	342,811,000
1976.....	633	258,606,000	2,267	363,699,000

Source: California State Board of Equalization.

STANFORD UNIVERSITY

Stanford University was established in 1885 by Senator and Mrs. Leland Stanford as a memorial to their son, Leland, Jr. According to surveys of the American Council on Education and a 1974 survey of graduate and professional school deans nationwide, the University's schools and programs in law, medicine, business education, engineering, and journalism rank among the top ten nationally. Student enrollment currently totals about 11,700, consisting of about 6,400 undergraduate and 5,300 graduate students.

The university is a major employer in the Palo Alto area. The teaching staff includes about 580 professors, 550 associate, assistant, and adjunct professors, 20 professor emeriti and 635 instructors, and other salaried teaching personnel. The nonteaching staff totals 5,600.

The original endowment of \$21 million had a market value on August 31, 1976, of \$431 million. Stanford University owns 8,129 acres of land, of which about 1,135 acres are within the Palo Alto city limits. The Stanford Industrial Park and the Stanford Shopping Center in Palo Alto are both owned by the university and discussed in other sections of this official statement.

TRANSPORTATION

U.S. Highway 101, also known as the Bayshore Freeway, and Interstate 280, or the Junipero Serra Freeway, connect Palo Alto to San Francisco to the north and San Jose to the south.

San Jose Municipal Airport, located nearby, provides international, national, and intrastate air service. Airlines providing passenger service include Western, Continental, United, American, Delta, TWA, Hughes Air West, Air California, and PSA. The city is also within an hour's drive from San Francisco International Airport.

Rail passenger service is available through AMTRAK, which has a terminal in San Jose, and Southern Pacific Railroad, which provides commuter train service between San Francisco and San Jose.

The Santa Clara County Transit District provides local bus service in and around the city. Bus service to other points in California is available through Greyhound Bus Lines.

31

SAN JOSE SMSA, CALIFORNIA, UNITED STATES ANNUAL AVERAGE UNEMPLOYMENT RATES, 1971-1977

	1971	1972	1973	1974	1975	1976	September 1977*
San Jose SMSA.....	7.3%	7.9%	5.7%	5.9%	9.2%	7.7%	5.7%
California	8.8	7.6	7.0	7.3	9.9	9.2	7.4
United States	5.9	5.6	4.9	5.6	8.5	7.7	6.9

* Seasonally adjusted rates.

Source: California Employment Development Department; U.S. Bureau of Labor Statistics.

CITY OF PALO ALTO SELECTED UTILITIES STATISTICS

	Water			Electric			Gas		
	Meters	Consumption (million cf)	Gross Revenue (\$000)	Meters	Consumption (million kwh)	Gross Revenue (\$000)	Meters	Consumption (therms)	Gross Revenue (\$000)
1967/68.....	18,004	699	\$2,527	21,728	493	\$ 6,809	20,140	3,334	\$2,559
1968/69.....	18,003	724	2,523	21,829	576	7,421	20,193	3,807	2,895
1969/70.....	18,009	760	2,680	22,856	612	7,757	20,206	3,566	2,748
1970/71.....	18,012	798	2,810	22,908	634	8,592	20,210	4,347	3,299
1971/72.....	18,016	782	2,886	23,043	712	8,573	20,368	4,159	3,346
1972/73.....	18,025	773	2,817	22,816	746	9,239	20,533	4,305	3,656
1973/74.....	18,005	777	2,846	22,947	712	9,324	20,318	4,075	3,860
1974/75.....	18,316	795	2,943	23,554	690	9,872	21,029	4,088	5,065
1975/76.....	18,362	813	3,265	23,643	724	10,783	21,107	4,214	7,064
1976/77.....	18,418	679	3,061	23,828	735	11,121	21,262	3,716	6,916

Source: This table has been developed by Bartle Wells Associates from financial reports of the issuer, prepared by the City of Palo Alto and Arthur Andersen & Co. Complete copies of the financial report for the year ending June 30, 1977 are available from the issuer upon request.

UTILITIES

The city's utilities department provides water, sewer, electric, gas, and refuse service within the city.

Palo Alto purchases its water from San Francisco's Hetch Hetchy water system. Because of the current Northern California drought, San Francisco has restricted deliveries to its wholesale customers to 75 percent of water deliveries in 1976. If this restriction should change, Palo Alto will receive water in the same proportion to other wholesale users as in a non-drought year. Retail water sales in Palo Alto are about 35 percent below 1976. Water rate increases have kept revenue at about the level of 1976.

Palo Alto buys electrical energy from the U.S. Bureau of Reclamation. The city received a settlement of over \$2 million in 1976/77 from the Bureau of Reclamation, arising out of a bureau rate increase. This amount is being held in a reserve in the Electric Fund, in anticipation of future power generation needs.

Palo Alto purchases natural gas from Pacific Gas and Electric Company. Telephone service is provided by Pacific Telephone Company.

The city operates a sewage treatment plant serving Palo Alto, Los Altos, Mountain View, and Stanford.

Palo Alto's municipal utilities generate revenue which is transferred to the General Fund to help finance city government. The accompanying table summarizes electric, gas and water utility sales since 1967/68.

MEDICAL FACILITIES

Stanford University Medical Center (613 beds) and a Veteran's Administration Hospital are located in the city. The Medical Center is a recognized center of medical research and is famous for its pioneering in trans-

plant surgery. In addition, city residents are in close proximity to the El Camino Hospital (464 beds) in Mountain View, to Kaiser Foundation Hospital in Santa Clara, and to hospitals in the San Jose area.

EDUCATION

In addition to Stanford University, other educational institutions in close proximity to the city include University of Santa Clara, California State University at San Jose, and Foothill and De Anza Community Colleges.

RECREATION

There are two golf courses in Palo Alto in addition to the Palo Alto Municipal Golf Course. The Palo Alto Golf and Country Club and the Stanford University Golf Course are both 18-hole private golf courses. Golf enthusiasts in Palo Alto are also within a 20-mile radius of about 20 other golf courses in Santa Clara County. The City of Mountain View plans to open an 18-hole municipal golf course in Shoreline Regional Park.

The City of Palo Alto owns about 3,400 acres of park and recreational lands. These properties range from one-half to two-acre mini parks, neighborhood parks of three to five acres, to citywide parks covering 1,400 to 1,800 acres. Several county regional parks are also located near the city. These city and county parks and recreational lands provide residents of Palo Alto with a variety of recreational opportunities that include hiking, fishing, picnicking, tennis, and swimming.

Residents of Palo Alto are within a 30-minute drive of some of Santa Clara County's visitor attractions, such as Marriott's Great America and the Winchester Mystery House.

U.C. BERKELEY LIBRARIES



C123309532

78 01320

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

SEP 09 2024

UNIVERSITY OF CALIFORNIA

